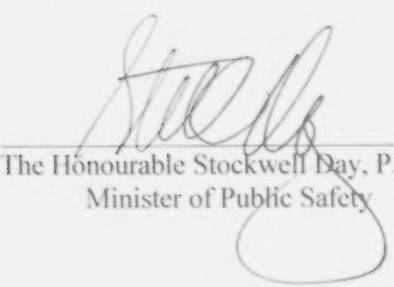
# Canada Border Services Agency

## 2006–2007

**Departmental Performance Report**



The Honourable Stockwell Day, P.C., M.P.
Minister of Public Safety

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# SECTION I: OVERVIEW

## Minister's Message

As Minister of Public Safety, I am pleased to present to Parliament the Canada Border Services Agency's (CBSA) Departmental Performance Report for 2006–2007.

There is no role more fundamental for government than the protection of its citizens. In particular, the border management mandate is one of the most rigorous challenges in the realm of public administration. The freedom and prosperity of democratic nations depend on borders that are both secure against threats and open to trade, travel and legal immigration.

Employees of the CBSA work around the clock, across the country and overseas to keep goods and people moving back and forth across our national border while ensuring that this same border is secure and protected against potential threats to Canada's safety and security. The Government of Canada is firmly committed to providing the tools and resources needed to support these employees. Budget 2006 included funds to reinforce a smart, secure border through the deployment of technologies that assist in managing risk and interdicting dangerous people and goods. These investments in turn support Canada's contribution to the trilateral Security and Prosperity Partnership of North America.

Budget 2006 also funded the work necessary to deliver on the Government of Canada's commitment to enhance the safety of CBSA officers and Canadian communities by arming officers and eliminating work-alone situations.

The CBSA was a key player in engaging other government organizations and our U.S. partners on the U.S. Western Hemisphere Travel Initiative (WHTI) to mitigate the impact of its January 2007 air mode implementation and to establish the NEXUS membership as an approved alternative to the passport. This effort has provided a foundation for addressing the challenge of WHTI implementation at land and sea border crossings.

As a nation fortified by international trade and social diversity, the efficient and secure cross-border movement of people and goods is our lifeblood. The successes of the past year reflect the skill and dedication of CBSA employees and management in building a smart, secure border that reinforces our prosperity and our security.

The Honourable Stockwell Day, P.C., M.P.
Minister of Public Safety

## President's Message

During 2006–2007, the Canada Border Services Agency (CBSA) continued to meet one of the most compelling and critical challenges of government today: ensuring that our management of the border supports both Canadian security and its prosperity. This encompasses the processing of millions of travellers and billions of dollars in trade.

We achieved some impressive operational successes, including several significant drug and arms seizures, and our work to support the evacuation of Canadians from Lebanon. We launched several major innovation initiatives, such as eManifest and the NEXUS harmonization, and we also began to expand the NEXUS Air program.

The CBSA has become a significant innovator in science and technology, building a smarter and more secure border through the deployment of leading-edge electronic systems, contraband and radiation detection equipment and biometric identification systems such as the NEXUS iris scan.

Our partnerships continued to add value to the border management mandate, including leading government efforts to manage impacts of the U.S. Western Hemisphere Travel Initiative, advancing Security and Prosperity Partnership of North America priorities such as NEXUS and eManifest, and conducting value-added consultations with the trade, travel and immigration communities. We also continued to build constructive relations with employee unions, especially in support of the enormous body of work completed in preparation for the arming of CBSA officers and the elimination of work-alone situations.

Substantial challenges remain for our relatively young and still-growing agency, particularly as the government is placing greater emphasis on the protection of the border.

Within this challenging public and organizational environment, our many accomplishments speak to the skill of our employees and their dedication to protecting Canadians' security and well-being. This is a strength that we will build on.

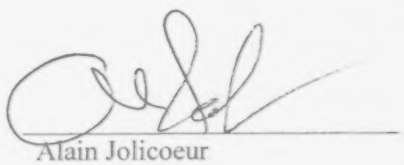
Alain Jolicoeur
President
Canada Border Services Agency

## Canada Border Services Agency — Management Representation Statement

I submit for tabling in Parliament, the 2006–2007 Departmental Performance Report for the Canada Border Services Agency.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2006–2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat's guide;
- It is based on the department's approved strategic outcome and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.



Alain Jolicoeur
President

## Introduction

This document reports on the performance of the Canada Border Services Agency (CBSA) in relation to commitments set out in the CBSA's 2006–2007 Report on Plans and Priorities.

### Summary Information

| | |
|---|---|
| **Our Vision** | **A smart border, a smart organization.** |
| **Our Mandate** | **The Agency is responsible for providing integrated border services that support national security and public safety priorities and facilitate the movement of persons and goods, including animals and plants, that meet all requirements under the program legislation.** |
| **Our Mission** | **To ensure the security and prosperity of Canada by managing the access of people and goods to and from Canada.** |

**Our Values**

| **Integrity** | **Professionalism** | **Respect** |
|---|---|---|
| We will exercise our authority in a principled, open and fair manner. We will accept responsibility for our actions to foster a reputation of being trustworthy and accountable. | We will set high achievement standards for our employees and strive to provide quality service. In particular, we will be innovative and harness smart technologies to achieve our mission. | We will appreciate the dignity, diversity and merit of all people. We will appreciate their positions and be just, courteous and reasonable. We will respect the privacy of Canadians and strongly uphold the *Canadian Charter of Rights and Freedoms*. |

**Our Strategic Outcome**

**Efficient and effective border management that contributes to the security and prosperity of Canada.**

**Financial Resources ($ thousands):**

| Planned Spending[1] | Total Authorities[2] | Actual Spending |
|---|---|---|
| 1,467,030 | 1,454,528 | 1,281,100 |

**Human Resources (full-time equivalents (FTEs)):**

| Planned | Actual | Difference |
|---|---|---|
| 12,763 | 12,383 | 380 |

## Overview — Who We Are

The CBSA is a key player in the Government of Canada and contributes to the security and prosperity of Canada through the effective and efficient management of our border. Created in December 2003, the CBSA is an integral part of the Public Safety portfolio, which was established to protect Canadians and maintain a peaceful and safe society.

### The CBSA's benefit to Canadians

The *Canada Border Services Agency Act* gives the CBSA the mandate to provide integrated border services that support national security and public safety priorities and facilitate the movement of persons and goods, including animals and plants, that meet all requirements under the program legislation.

The CBSA is a key federal partner in protecting Canadians from threats to public safety and health. To ensure that the border remains open to low-risk travel and commerce but closed to crime and terrorism, the CBSA also works cooperatively with its North American counterparts in implementing a border strategy that relies on technology, information sharing and biometrics to create a smart and secure border.

Even as the CBSA enhances border security, it is also developing measures and programs to expedite legitimate transborder movement. In 2006–2007, we processed more than 95 million travellers and cleared 351,080 passenger planes, 5,525 cargo planes and 186,192 marine vessels. Facilitating the lawful flow of low-risk people and goods into and out of Canada is essential to our national economic vitality. Because of this, the CBSA dedicates significant effort and resources to the development of cutting-edge technological solutions to process travellers and commercial shipments in a more effective and efficient manner. The CBSA also invests in business continuity planning to ensure that the border stays open if we are faced with any unanticipated emergency, such as power failures, natural disasters or a health or human crisis.

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[1] Planned spending comprises Main Estimates and additional funding earmarked for the CBSA in the 2006 federal budget.

[2] Total authorities comprises Main Estimates, Supplementary Estimates and transfers from Treasury Board centrally financed Votes.

The CBSA employs a program of responsible enforcement and applies an effective sanctions regime to persons and groups that contravene Canadian border laws to promote compliance and provide a level playing field for all travellers and traders.

The collection of import duties and taxes represents an important function for the CBSA with an average daily collection of $10.1 million in import duties, $58.3 million in goods and services tax/harmonized sales tax (GST/HST), and various excise duties, taxes and liquor board fees. In total, these revenues account for $27 billion per year, which represents close to 12% of projected 2006–2007 budgetary revenues for the Government of Canada.

The CBSA is a cost-effective, transparent and accountable agency. We demonstrate fiscal prudence to Canadians through sound comptrollership measures, internal audits and program evaluations.

## Operating Environment — What We Do

The CBSA provides integrated border services that balance the need to support national security and public safety priorities with facilitating the cross-border movement of legitimate trade and travellers. To deliver these services, we constantly identify, analyze and mitigate risk. Every day, our employees make thousands of real-time decisions that affect the security and prosperity of Canadians.

The CBSA delivers its programs and services in a complex environment that is rapidly evolving. To keep pace, and in efforts to enhance the security and prosperity of the nation, the CBSA advances collaboration with both domestic and international partners in areas as diverse as security, trade facilitation, immigration and public health.

**The CBSA is responsible for the following:**

- Administering legislation that governs the admissibility of people and goods, including plants and animals, into and out of Canada;
- Detaining those people who may pose a threat to Canada;
- Removing people who are inadmissible to our country, including those involved in terrorism, organized crime and war crimes or crimes against humanity;
- Interdicting illegal goods entering or leaving the country;
- Protecting food safety, plant and animal health, and Canada's resource base;
- Promoting Canadian business and economic benefits by administering trade legislation and trade agreements to meet Canada's international obligations;
- Enforcing trade remedies that help protect Canadian industry from the injurious effects of dumped and subsidized imported goods;
- Administering a fair and impartial redress mechanism;
- Promoting Canadian interests in various international fora and with international organizations; and
- Collecting applicable duties and taxes on imported goods.

**SNAPSHOT OF THE CBSA:**[3]

- ✓ The CBSA carries out its responsibilities with a workforce of approximately 13,000 employees, including over 7,200 uniformed border services officers.
- ✓ We provide services at some 1,200 points across Canada and 39 points abroad.
- ✓ We operate at 13 international airports.
- ✓ We manage 119 land border crossings.
- ✓ We operate on a 24/7 basis at 61 land border crossings and nine international airports.
- ✓ Our officers perform marine operations at three major ports (Halifax, Montréal and Vancouver) and at numerous marinas and reporting stations. Officers also perform rail operations at 27 rail sites.
- ✓ We process and examine international mail at three mail centres located in Vancouver, Toronto and Montréal.
- ✓ In 2006–2007:
    - We processed an average of 260,300 travellers entering Canada each day.
    - We collected an average of $10.1 million in import duties and $58.3 million in GST/HST each day.
    - The value of cross-border trade with the United States alone averaged $1.9 billion a day.
    - An average of 17,600 trucks arrived from the United States every day, with 10,300 of them processed through southwestern Ontario border crossings.
    - We processed an average of 88,245 courier shipments daily.
    - We handled over 9 million clearance requests for commercial goods.

The CBSA administers more than 90 acts, regulations and international agreements, many on behalf of other federal departments and agencies, the provinces and the territories. For example:

- *Citizenship Act*
- *Criminal Code*
- *Customs Act*
- *Customs Tariff*
- *Excise Act*
- *Excise Tax Act*
- *Export and Import Permits Act*
- *Food and Drugs Act*
- *Health of Animals Act*
- *Immigration and Refugee Protection Act*
- *Plant Protection Act*
- *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*
- *Special Import Measures Act*

[3] As of March 31, 2007.

**Our partners and stakeholders**

Given the nature of our work, the CBSA is involved in strategic partnerships with many government departments and agencies at home and abroad (see Appendix A). Domestically, the CBSA relies on three pillars of partnership in the Government of Canada:

- the Public Safety portfolio;
- Citizenship and Immigration Canada (CIC); and
- the Department of Finance and the Canada Revenue Agency (CRA).

In collaboration with our portfolio partners (e.g. Public Safety Canada, the RCMP, the Canadian Security Intelligence Service, the Correctional Service of Canada), we contribute to the health, security and economic prosperity of Canadians. We also work closely with and provide a variety of enforcement and intelligence operations to CIC. In addition, the CBSA maintains close working relationships with the Department of Finance regarding departmental resourcing and the administration of trade legislation such as the *Customs Tariff Act* and the *Special Import Measures Act*. We also work with the CRA on matters relating to the collection and reporting of GST/HST and other revenues; the CRA also works with the CBSA on revenue systems to support our collection activities. The CBSA also has strong relationships with U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement and other international counterparts. Dependable and timely communications with partners and stakeholders are key to minimizing risk and maximizing economic advantage for Canadians.

The CBSA also works on increasing cooperation and relationship-building with other government departments (OGDs) to address major terrorist, pandemic and other human/national security risks. To this end, the CBSA works closely with various international institutions to ensure that it is strategically positioned with other government bodies and stakeholders to face and respond to global challenges.

The Canada Border Services Advisory Committee (CBSAC) was created to ensure the CBSA is well connected with its stakeholders and to create a mechanism for ongoing dialogue. The CBSAC provides independent advice and serves as a sounding board on major trends and developments that may affect the management of Canada's border, as well as on the priorities, business and operations of the CBSA. The CBSAC comprises some 23 stakeholders representing the private sector, the immigration community, travellers, the general public and academia.

The CBSA is committed to consulting with Canadian commercial stakeholders on strategies, policies, operational programs and administrative procedures that govern and affect Canada's commercial trade. In support of this commitment, the Border Commercial Consultative Committee (BCCC) provides CBSA officials and commercial stakeholders with a forum for dialogue on Canada's border operations. The BCCC is composed of 27 of the CBSA's major private-sector stakeholder organizations and it generally meets twice yearly.

**International relations**

The Agency continues to focus its efforts internationally to contribute effectively to the development of global policy on the movement of goods and persons. An International Strategic Framework was implemented in 2006–2007 to ensure consistency and coherence in international activities. The CBSA participated in over 350 international meetings in 2006–2007. Over 90% of those meetings took place with partners such as the United States, the United Kingdom, Australia, the European Commission, Japan, France, South Korea, the Netherlands, New Zealand, Germany, Mexico, Brazil, Russia, India, China and South Africa.

Continued involvement during 2006–2007 in multilateral fora, including the G8, APEC, the Four Country Conference, the World Trade Organization and the World Customs Organization (WCO) has broadened the Agency's international sphere of influence, has helped the CBSA attain its priorities, has ensured the effective flow of information and has enhanced productive relationships. Participation in training and capacity-building programs allows the CBSA to advance global border management standards and, in 2006–2007, the Agency was involved in such programs with various countries in the Americas and Africa.

The CBSA continued to build on its relationship with its key U.S. collaborators — U.S. CBP and the U.S. Department of Homeland Security. Meetings with U.S. CBP, under the auspices of the Shared Border Accord Coordinating Committee, provided excellent opportunities for Canada–U.S. engagement as well as for opportunities to engage OGDs in both Canada and the United States on key border management issues. The CBSA also continued its efforts to support the Security and Prosperity Partnership of North America, which in addition to Canada and the United States, brings in key partners from the Government of Mexico. For example, the CBSA undertook a Canada/Mexico marine training program in March 2007 where 20 Mexican customs officers participated in vessel and container examination courses, including a train-the-trainer section to ensure project sustainability. The CBSA continued to strengthen ties with Mexican customs on border security issues, including the exchange of information, personnel and best practices to seek solutions to current regional border matters.

**The CBSA's Program Activity Architecture**

In accordance with Treasury Board of Canada requirements, the CBSA has adopted a Program Activity Architecture (PAA) that includes all activities undertaken by the Agency. The PAA provides a structure to ensure that activities are aligned with the CBSA's mandate and priorities. The CBSA's PAA in the following table reflects our operations and includes our strategic outcome and three of the four program activities.[4]

[4] In keeping with Treasury Board of Canada Secretariat direction, the CBSA allocated resources of the Corporate Management and Direction program activity to the other three program activities in this table. See Section IV for more information on Corporate Management and Direction.

## Spending profile by program activity

| | | 2006–2007 | | | |
|---|---|---|---|---|---|
| | | **Planned Spending ($ thousands )** | **Actual Spending ($ thousands)** | **Contributes to the following CBSA strategic priorities[1]** | **Contributes to the following government outcome areas[2]** |
| | **Strategic Outcome:** | Efficient and effective border management that contributes to the security and prosperity of Canada. | | | |
| **Program activities** | Security | 557,500 | 358,366 | Priority 1, 2 and 3 | A strong and mutually beneficial North American partnership. |
| | Access | 768,271 | 698,775 | Priority 1, 2 and 3 | |
| | Science- and Technology-based Innovation | 141,259 | 223,959 | Priority 1, 2, 3 and 4 | |
| | **Total:** | 1,467,030 | 1,281,100 | | |

[1] Priority 1: Effective delivery of programs and services
Priority 2: Innovating for the border of the future
Priority 3: Strong internal and external relationships
Priority 4: A modern management regime

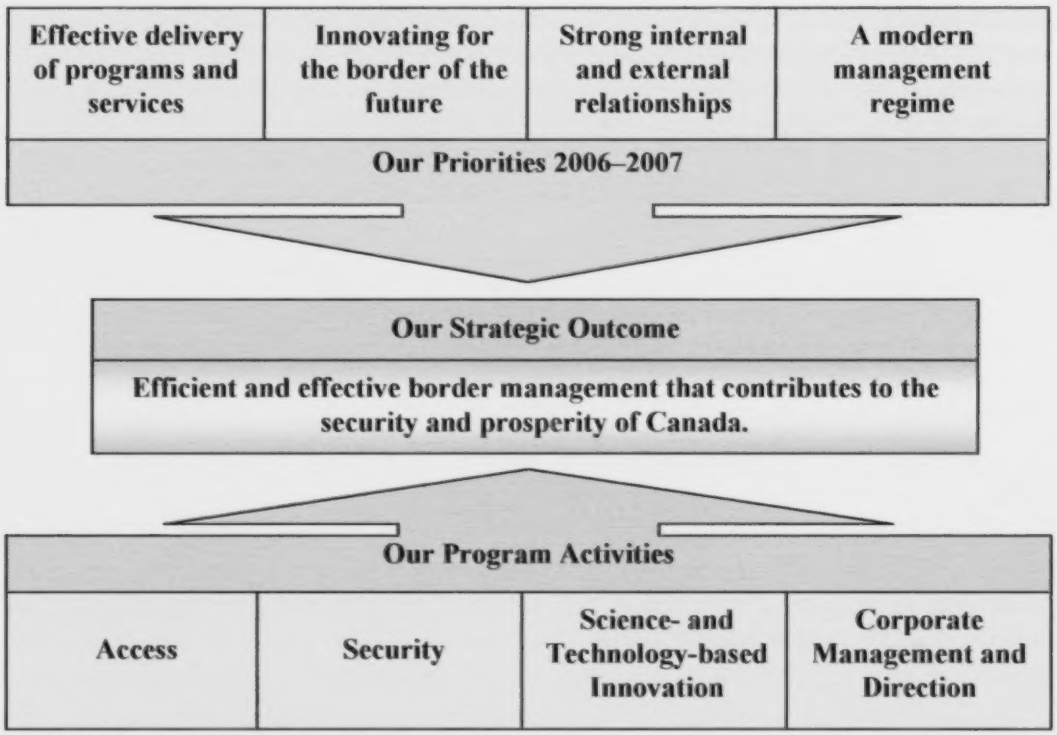
[2] The work accomplished under the CBSA's program activities also supports the *Safe and secure communities* and the *Fair and secure marketplace* government outcome areas.

## Review of the CBSA's resource base

In December 2006, the CBSA completed an independent, third-party review of its base resources (A-base). The Agency had committed to inform the Treasury Board of Canada Secretariat and other central agencies (i.e. the Department of Finance and the Privy Council Office) by fall 2007 of its capacity to discharge its mandate. To this end, central agencies were presented with a consolidated report on the findings of the review in December 2006, informing them of the Agency's capacity to discharge its mandate. The review concluded that the CBSA has A-base resource shortfalls for its ongoing programs and corporate infrastructure, in addition to funding that sunsets at the end of 2009–2010. Due diligence is underway with central agencies to address this issue.

## Departmental Plans and Priorities

The priorities set forth for the 2006–2007 fiscal year reflected the Government of Canada's commitments to a strong and mutually beneficial North American partnership, safe and secure communities, and a fair and secure marketplace.


Effective delivery of programs and services
Innovating for the border of the future
Strong internal and external relationships
A modern management regime
Our Priorities 2006–2007
Our Strategic Outcome
Efficient and effective border management that contributes to the security and prosperity of Canada.
Our Program Activities
Access
Security
Science- and Technology-based Innovation
Corporate Management and Direction

The four strategic priorities are considered to be ongoing as they are explicitly identified in previous CBSA planning documents tabled in Parliament. Each priority continues to support the CBSA's future strategic direction. Section II provides an overview of our progress under each of the four priorities.

In 2006–2007, the CBSA developed its first Enterprise Risk Profile in which 12 risks were identified and ranked in terms of likelihood and impact. Mitigating these risks will enhance the CBSA's ability to achieve its goals. Strategic planning sessions, which will include discussions on risk, are scheduled to take place in fall 2007.

The following tables provide performance highlights for each of the CBSA's 2006–2007 priorities. Sections II and IV provide detailed performance information by program activity in support of the CBSA's priorities and commitments.

| |
|---|
| **Strategic outcome**: Efficient and effective border management that contributes to the security and prosperity of Canada. |
| **Alignment to Government of Canada outcomes**: A strong and mutually beneficial North American partnership. |

| **Strategic Priority 1: Effective delivery of programs and services** | |
|---|---|
| **Results statement for this priority:** *The CBSA will increase its ability to identify and interdict people and goods of high and unknown risk, while expediting the flow of low-risk travellers and trade.* | |
| **Program Activity** | **Performance Highlights** |
| Security | ▪ Refused entry to or removed from Canada 41 persons complicit in war crimes or crimes against humanity.<br>▪ Referred 424 criminal investigation cases to the Public Prosecution Service of Canada.<br>▪ Achieved 95% success rate for serious prosecutions under the *Immigration and Refugee Protection Act*.<br>▪ Drafted new minimum-security criteria for the Partners in Protection program.<br>▪ Posted intelligence liaison officers in Australia and England.<br>▪ Intercepted 4,796 persons abroad through the work of migration integrity officers.<br>▪ Arrested 7,347 persons and removed 12,617, including 1,996 criminals who posed a high risk to Canada.<br>▪ Began delivering training related to providing CBSA officers with duty firearms.<br>▪ Installed 10 new radiation detection portals at the ports of Montréal and Saint John.<br>▪ Ended work-alone situations at four sites.<br>▪ Developed and formally approved the Intelligence Vision, to inform and support the CBSA's program and operational decisions to better identify threats posed by people and goods. |
| Access | ▪ Completed a study on the primary inspection line and the secondary inspection function in support of the Movement of People Framework and continued to implement recommendations of the Travellers Program review.<br>▪ Finalized a report on the future direction of the commercial program, developed a commercial process model and completed or initiated a series of reviews in support of the Movement of Goods Framework.<br>▪ Began work to simplify the Administrative Monetary Penalty System.<br>▪ Conducted extensive consultations with stakeholders in the air mode under the Core Services Review.<br>▪ Successfully negotiated with the United States to have the |

| | |
|---|---|
| | NEXUS membership card recognized as an alternative to a passport under the U.S. Western Hemisphere Travel Initiative (WHTI).<br>▪ Helped protect 29,000 jobs and $4.9 billion in Canadian production under the Anti-dumping and Countervailing Program.<br>▪ Rendered 4,200 enforcement-related and 3,500 trade-related decisions under the recourse program. |
| Science- and Technology-based Innovation | ▪ Expanded the commercial risk-assessment system to include all shipments arriving by air.<br>▪ Maintained 24/7 operation and maintenance of a number of automated commercial systems, which were available to internal and external clients at a rate of 95.5%. |

| **Strategic Priority 2: Innovating for the border of the future** | |
|---|---|
| **Results statement for this priority:** *An increased use of evidence- and science-based solutions will contribute to improved security at our border and greater economic prosperity.* | |
| **Program Activity** | **Performance Highlights** |
| Science- and Technology-based Innovation | ▪ In June 2006, the CBSA's commercial risk-assessment system development team received the Public Service Award of Excellence in the Innovation category for creating a sophisticated automated tool to assess the risk of cargo shipments destined for Canada before their arrival at the border.<br>▪ Implemented NEXUS Air at Toronto Pearson International Airport and Montréal-Pierre Elliott Trudeau International Airport.<br>▪ Procured 159 document readers, as part of an initiative to enhance the Travellers Risk Assessment System, to perform automated risk assessments on travellers and vehicles seeking entry to Canada at land border crossings.<br>▪ Identified data-reporting requirements for some 40 OGD programs under the Advance Interdepartmental Reporting Initiative.<br>▪ Advanced the Harmonized Risk Scoring — Advance Trade Data initiative by determining the most critical risk indicators. This was achieved by identifying gaps with WCO standards.<br>▪ Secured a five-year investment of $396 million in eManifest to effectively analyze risk, ensure efficient border procedures and secure the international trade supply chain.<br>▪ Developed system enhancements to improve the "push" functionality of the Passenger Name Record program by enabling the Agency to analyze air travellers' data before their arrival in Canada on a 24/7 basis throughout 2006–2007.<br>▪ Harmonized the NEXUS Air, Highway and Marine programs into one NEXUS program. |

| Strategic Priority 3: Strong internal and external relationships | |
|---|---|
| **Results statement for this priority:** *The CBSA will have stronger partnerships and agreements internationally, with our stakeholders and with our clients and employees.* | |
| **Program Activity** | **Performance Highlights** |
| Security | ▪ Worked with domestic and international partners to investigate, prevent entry into Canada and remove persons complicit in war crimes and crimes against humanity.<br>▪ Migration integrity officers overseas delivered training to over 8,900 persons working for our partners. |
| Access | ▪ Continued to lead the Canadian response to the WHTI to encourage the United States to minimize potential impacts on legitimate travel and trade before land and sea implementation. |
| Science- and Technology-based Innovation | ▪ Began discussions with U.S. CBP and Mexican customs that contributed to the development of key products related to the eManifest initiative that will increase our ability to detect shipments to Canada of high or unknown risk. |
| Corporate Management and Direction | ▪ Implemented an International Strategic Framework in 2006-2007 to ensure consistency and coherence in international activities. The CBSA participated in over 350 international meetings in 2006–2007 and laid the groundwork to deploy a counsellor in Washington, D.C., and a second official in Brussels.<br>▪ Throughout 2006–2007, Agency regional representatives participated in collective bargaining and essential service agreement negotiations. The CBSA worked closely with the Treasury Board of Canada Secretariat on these initiatives. |

| Strategic Priority 4: A modern management regime | |
|---|---|
| **Results statement for this priority:** *The delivery of the CBSA's mandate will be supported by a strong governance and integrated planning structure, underpinned by a robust values and ethics regime.* | |
| **Program Activity** | **Performance Highlights** |
| Corporate Management and Direction | ▪ In February 2007, the CBSA produced its first Human Resources Plan. As part of the Agency's 2007–2008 Report on Plans and Priorities, the Plan focuses on the immediate short-term need to address key workforce challenges for 2007–2008 and sets the foundation for the further refinement of a more comprehensive, integrated and forward-looking human resources plan for 2008–2009.<br>▪ In 2006–2007, the CBSA developed its Values and Ethics Program Action Plan. To complement the *Values and Ethics Code for the Public Service*, the Agency developed an internal *Code of Conduct*. |

| | |
|---|---|
| | ▪ The Agency's first Enterprise Risk Profile was completed in 2006–2007. It will support further work in 2007–2008 to establish an integrated risk-management framework for the CBSA.<br>▪ In December 2006, the CBSA completed an independent, third-party review of its base resources.<br>▪ The CBSA was rated among the top five federal organizations for its official languages program management. The CBSA's accomplishments were recognized in the 2006–2007 Annual Report of the Office of the Commissioner of Official Languages.<br>▪ In December 2005, Treasury Board ministers approved the Frontière/Border (FB) classification standard — a classification tool designed to recognize and evaluate the specialized skills and abilities required in CBSA work.<br>▪ An action plan was developed to address the requirements of the Treasury Board's new *Policy on Internal Audit*.<br>▪ The CBSA developed an action plan to prepare for the implementation of audited financial statements. |

# SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

## Program Activity: Security

The goal of the Security program activity is to ensure the safety and security of Canadians, within the context of the government's security agenda, through effective and efficient border management.

**Financial Resources ($ thousands):**

| Planned Spending | Total Authorities | Actual Spending |
|---|---|---|
| 557,500 | 422,610 | 358,366 |

**Human Resources (FTEs):**

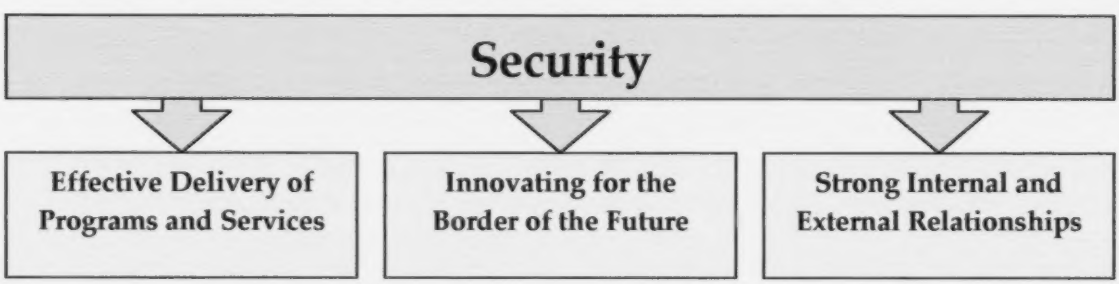
| Planned | Actual | Difference |
|---|---|---|
| 4,236 | 3,098 | 1,138 |

**Explanation of differences:**[5]

The $64 million difference between total authorities and actual spending is mainly the result of the following:

- $59 million as a net operating lapse more specifically related to the following initiatives:
  - Security and Prosperity Partnership of North America;
  - Securing Canada's air cargo transportation system;
  - Arming CBSA officers and addressing work-alone situations;
  - Container Security Initiative and Harmonized Risk Scoring — Advance Trade Data; and
  - Detection technology equipment.
- $5 million lapse in capital expenditures:
  - Primary Automated Lookout System; and
  - Radiation detection and other equipment related to the Asia-Pacific Gateway and Corridor initiative.

**The Security program activity supports the following CBSA priorities:**


Security
Effective Delivery of Programs and Services
Innovating for the Border of the Future
Strong Internal and External Relationships

[5] The variance between planned and actual spending is attributable to two major factors. The first is the Agency's lapse at the end of 2006–2007, for which explanations are provided above. The second is the result of a review of resource allocations by program activity designed to more accurately align financial expenditures and human resources utilization to the pertinent program activities. This review was completed after publication, in the 2006–2007 Report on Plans and Priorities, of the planned spending and related human resources in the tables above. It identified technical adjustments to better reflect realignment of resources from the Security program activity to other program activities, in particular, the Science- and Technology-based Innovation program activity. The results of this realignment were first reflected in the 2007–2008 Main Estimates and more accurate planned spending and human resources allocations will be presented in all future reports to Parliament.

## Meeting our 2006–2007 Priorities and Commitments

### Intelligence Vision

In 2006–2007, the CBSA formally approved its Intelligence Vision. The Vision aims to inform and support the CBSA's program and operational decisions. The CBSA is committed to strengthening its intelligence capacity to better identify threats posed by people and goods through more timely and accurate strategic, operational and tactical intelligence to support the CBSA, Citizenship and Immigration Canada (CIC), the Government of Canada and domestic and international partners. The Intelligence Vision will be a cornerstone in the development of the CBSA's enforcement vision, mission and mandate.

### Investigations

In June 2006, the CBSA assumed responsibility for the criminal investigation and prosecution of certain offences under the *Immigration and Refugee Protection Act* (IRPA) in accordance with a signed Letter of Intent outlining the RCMP's and the CBSA's respective roles and responsibilities in the enforcement of offences under IRPA. Since June 1, 2006, CBSA investigators have been enforcing a wide range of offences under IRPA, such as entering Canada without authorization, use of fraudulent documents, aiding/abetting illegal entry and misrepresentation.

In 2006–2007, the CBSA referred 424 criminal investigation cases to the Public Prosecution Service of Canada (PPSC) for prosecution. These cases pertain to criminal investigations under all border legislation that is the responsibility of the CBSA. Of these cases, 30% were offences under IRPA. The CBSA's commitment to the enforcement of serious offences under IRPA has led to the completion of 89 criminal cases with a 95% rate for convictions in the CBSA's first year of undertaking these new responsibilities. Over 125 cases have already been referred to the PPSC, with another 50 investigations either in progress or with charges pending.

The CBSA is also responsible for enforcing various food, plant and animal legislation and regulations at the border. The CBSA and the Canadian Food Inspection Agency (CFIA) are still negotiating the specific roles and responsibilities between the two agencies. In 2006–2007, the CBSA investigated approximately 20 cases related to food, plant and animal offences and anticipates that this number will increase once it completes service and other agreements with the CFIA. The CBSA referred one food, plant and animal case to the PPSC in 2006–2007, which resulted in a conviction.

To meet the demands of these new responsibilities, the CBSA actively recruited employees with the appropriate experience and knowledge, in addition to providing immigration and food, plant and animal training to regional investigators. These recruitment and training initiatives will continue in 2007–2008.

**Removals**

Persons who pose a threat to national security, those involved in organized crime, crimes against humanity or other serious criminality, contagious persons or those who put excessive demand on health services in Canada, overstays,[6] foreign nationals who work or study without permission or who misrepresent themselves, are inadmissible to Canada.

When a CBSA enforcement officer encounters someone that is inadmissible, a report is written. The report is an allegation. The person involved in the report will attend a hearing to determine if the report is true. If the Immigration and Refugee Board of Canada (IRB), an independent tribunal, finds the report to be true, a removal order stating that the person has to leave Canada is issued. Reports written by inland enforcement officers rose 8% from 20,383 in 2005–2006 to 22,620 in 2006–2007.

The CBSA focuses removal actions on high-risk persons with priority placed on those who pose a threat to national security and those involved in organized crime, crimes against humanity and other serious criminality, followed by failed refugee claimants and other inadmissible persons.

The CBSA arrested 7,347 inadmissible persons in 2006–2007 and removed 12,617. Of those removed, 1,996 were removed due to criminality. This represents an increase of 10% over the previous year's removals due to criminality, demonstrating that the CBSA continues to focus its removal efforts on those who pose the greatest threat to the safety and security of Canadians.

In 2006–2007, the CBSA participated in five joint charter removals with the United States, resulting in the removal of 33 high-risk persons. Joint charter removals with the United States are a cost-effective way to remove those who cannot be removed by commercial air due to behavioural issues.

The CBSA also participated in four international meetings to share information and best practices on removals with other like-minded countries.[7]

**Migration integrity officers**

The CBSA employs a multi-layered approach in accordance with its "multiple borders strategy"[8] to combat irregular migration. The CBSA currently has 44 migration integrity officers (MIOs)[9]

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[6] When a foreign national arrives at a port of entry, the CBSA officer will inform the individual of the length of time that he or she can remain in Canada. Usually it is a period of six months but this may vary. If the foreign national remains in Canada longer than the specified time, he or she would then be referred to as an overstay.

[7] Such as Australia, Belgium, Denmark, Finland, Germany, Greece, the Republic of Ireland, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland and the United Kingdom.

[8] The multiple borders strategy is about pushing the border out by focusing on the interdiction of risks to the security and prosperity of Canada and its allies as far away from the actual border as possible. This model highlights the fact that there are various points along the continuum of international travel at which the CBSA has the opportunity to identify and stop those who would pose threats to Canada. Control of our national border begins abroad in both the countries of origin and of transit. Each point along the continuum represents both an opportunity and an intelligence challenge.

in 39 key locations abroad. The deployment of MIOs has strengthened the CBSA's capacity to interdict irregular migrants overseas; the MIOs provide training to airlines to screen and identify inadmissible people as early as possible in their travel to Canada.

In order to enhance the information-sharing protocols used by our officers abroad, an intelligence liaison officer (ILO)[10] was posted in Canberra, Australia. This individual works closely with the Australian Department of Immigration and Citizenship. An ILO was also placed in London, England, and, in similar fashion, the officer works closely with the United Kingdom's Home Office (Border and Immigration Agency).

The ongoing collaboration between CIC and the CBSA's MIOs in the implementation of the IRPA resulted in 4,796 persons being intercepted during the 2006–2007 fiscal year as compared to 5,145 in 2005–2006. The decrease in the number of interceptions is due to several factors including the following: changes in travel routes used by inadmissible persons, the lack of reporting by airlines and other partners on work undertaken on our behalf, and enhanced deterrence measures used by the MIO network.

In 2006–2007, the MIO network strengthened relationships by providing training, sound direction, guidance and support to intelligence personnel, thereby helping to ensure effective program delivery. MIOs also delivered training sessions to over 8,900 partners, such as airlines and local police. Relationships with internal and external partners were also strengthened through the establishment of memoranda of understanding (MOUs). These MOUs with partners, such as CIC, the RCMP and the U.S. Department of Homeland Security, are in place to provide the legal framework for partnership, communication, cooperation and information sharing.

**Canada's Modern War Crimes Program**

The CBSA works closely with its program partners to deny access to Canada to persons inadmissible for war crimes, crimes against humanity or genocide, and also to take enforcement action against those persons already in Canada. Canada's Modern War Crimes Program is a joint initiative involving the CBSA, the RCMP, the Department of Justice and CIC. The CBSA program focuses on post-World War II cases (i.e. modern war criminals). Together with program partners, the CBSA has begun to implement the March 2006 Results-based Management and Accountability Framework to ensure that the national program is run efficiently.

The CBSA, alongside its program counterparts from other government departments (OGDs), continues to assist in the global fight against impunity[11] for war criminals. This has included hosting a representative of the Australian war crimes office for a one-week training program and sending a Canadian ILO to the Australian office to assist in the further development of its program. The CBSA also hosted members of the New Zealand program in April 2006. The

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[9] MIOs work with other government departments, international partners, local immigration and law-enforcement agencies and airlines to combat irregular migration to Canada, including people smuggling and the trafficking of illegal migrants.

[10] ILOs work in host foreign government organizations to enhance ongoing cooperation between the two organizations in the mutual interest of improved border-related intelligence outcomes.

[11] The fight against impunity refers to investigating and preventing entry to Canada or removing from Canada individuals who have committed or were complicit in war crimes and/or crimes against humanity and have not been held accountable for their crime.

CBSA has been developing an enhanced outreach strategy for its partners both abroad and within Canada through regular training and workshops on war crimes.

Annual reports on the War Crimes Program ensure accountability to the public. The CBSA was responsible for the government-wide preparation and coordination of the 2005–2006 9th Annual Report. A total of 367 persons complicit in war crimes or crimes against humanity were refused visas to enter Canada during that fiscal year. Interventions on behalf of the Minister of Citizenship and Immigration before the IRB occurred in 237 of these cases, resulting in the exclusion of 40 cases from the refugee determination process. Finally, a total of 41 persons complicit in war crimes or crimes against humanity were removed from Canada.

**Partners in Protection**

The Partners in Protection program enlists the cooperation of private industry in efforts to enhance border security, combat organized crime and terrorism, increase awareness of customs compliance issues, and help detect and prevent contraband smuggling. Under this program, the CBSA has developed strategic partnerships with private industry to secure the flow of low-risk, legitimate goods and travellers across our border.

In order to achieve compatibility with its U.S. counterpart program, the Customs-Trade Partnership Against Terrorism (C-TPAT), and to comply with the World Customs Organization's (WCO) *Framework of Standards to Secure and Facilitate Global Trade*, the Partners in Protection program received an investment of $11.6 million in Budget 2006 to enhance program membership requirements, regional delivery capacity, officer training, operational and administrative support, and enforcement measures.

In 2006–2007, new minimum-security criteria were drafted for external consultation with an expected completion date of October 2007. The CBSA has begun developing standard operating procedures and a communications strategy to support the changes to the program targeted for completion in January 2008. A transition strategy is being developed to ensure our current partners meet the new requirements. The Agency began the process of hiring additional officers to conduct the required site reviews, and hiring and training are expected to be completed in the third quarter of 2007–2008. An agreement on mutual recognition of the strengthened Partners in Protection and U.S. C-TPAT programs by June 2008 was reached at the Shared Border Accord Coordinating Committee meeting in spring 2007.

**Radiation detection technology**

Over the past several years, the CBSA has made significant investments in technology that assists border services officers in detecting drugs, weapons, explosives and other dangerous goods. The CBSA has also developed the capacity to screen for radioactive materials at critical border points in its highest-risk transportation streams. The CBSA is committed to screening all containers entering Canada's four major marine ports to ensure the security of the general public and Canada's supply chain. In 2006–2007, the CBSA undertook a significant expansion of its radiation detection portal network at four ports of entry, and it plans to complete the implementation and installation by the end of 2007–2008.

***DID YOU KNOW?***

In 2006-2007, the Radiation Detection Program expanded to include additional ports:

- Eight portals were installed at the Port of Montreal in Quebec at all three terminals;
- Two portals were installed at the Port of Saint John, New Brunswick, and preliminary work has begun in Halifax, Nova Scotia, and in Vancouver, British Columbia.

Challenging negotiations with port authorities regarding portal placement on some docks, developing joint communications materials, developing an MOU and activating portals continued with a variety of stakeholders. This led to the development of a comprehensive CBSA communications and outreach program that helped strengthen links with other stakeholders, including various agencies dedicated to emergency response.

**Arming and ending work-alone situations**

Budget 2006 allocated $101 million over two years to start the process of arming CBSA officers and eliminating work-alone situations. In 2006–2007, the Agency laid the groundwork to ensure that these initiatives were carried out properly and professionally and without unnecessary delay. The CBSA also remained dedicated to transparency by consulting with key stakeholders, including union representatives, throughout the planning and implementation phases. A national border services officer recruitment program was also launched to ensure an ongoing supply of qualified recruits to meet operational demands.

**Arming**

In 2006–2007, the CBSA attained important milestones in the process of providing CBSA officers with duty firearms. Notably, an MOU was signed with the RCMP for assistance in course design, use of RCMP training facilities and for CBSA trainer selection. A national trainer selection process was launched in fall 2006 and on March 5 and 15, 2007, the first two groups of candidates for the position of use-of-force trainer for firearms began their training at the RCMP's Connaught Range in Ottawa, Ontario.

During this period, the CBSA also continued to work with union officials on the initiative, including the policies, the training program and the implementation strategy. Operational policies on the use of force, incident reporting and investigation, handling of agency and protected firearms, and the wearing of protective and defensive equipment including firearms were completed. Human resources policies on training prerequisites, employee support and the duty to accommodate were also finalized during this period.

In 2006–2007, the Agency also finalized the first phase of its implementation strategy — determining "where" and "how" the first groups of armed officers would be deployed. The CBSA also selected the duty firearm after carefully evaluating the sample pistols to select the model best suited to the needs of CBSA officers and their unique work environment.

**Ending work-alone situations**

In 2006–2007, the CBSA established a working group, made up of representatives from the regions and the union, to develop a phased-in strategy to address work-alone situations. Management was also involved in the extensive consultation on this initiative. This initial consultation identified 138 work-alone sites across the country and key issues discussed included recruitment, facilities, accommodations and policy. Subsequently, a task force was created to develop policies, communications products and an implementation plan. Union consultation has been fundamental throughout this process.

The implementation plan was approved in March 2007 and will guide the initiative over the next three years. In 2006–2007, four work-alone situations were eliminated through the use of existing resources. For 2007–2008, a minimum of 50 Port of Entry Recruit Training recruits will be hired to eliminate work-alone situations. In total, 400 new officers will be recruited and trained under this initiative.

**Business resumption planning**

The CBSA remains committed to responding to any potential threats that would affect the well-being and safety of Canadians. As part of our strategy to identify and then mitigate these threats, the CBSA worked proactively with the United States to develop coordinated business resumption protocols and security technology and disaster recovery systems at the border in the event of an unexpected disaster or increased alerts. This work has an operational side and a component that supports information technology (IT) security and continuity. Both of these efforts will support the continuity of border operations in the event of an emergency. Further, in January 2007, the Government of Canada announced a significant investment in the CBSA of $24 million over five years for business resumption planning. In part, this money will be used to further harmonize and strengthen Canada–U.S. planning, to help ensure that plans are in place to enable the flow of lawful trade and travel during an emergency, and to implement measures to ensure the availability and integrity of critical IT applications and data during an emergency.

## Program Activity: Access

The goal of the Access program activity is to ensure the flow of lawful people and goods, to promote compliance with border legislation and to ensure a level playing field for legitimate trade and travel.

**Financial Resources ($ thousands):**

| Planned Spending | Total Authorities | Actual Spending |
|---|---|---|
| 768,271 | 739,166 | 698,775 |

**Human Resources (FTEs):**

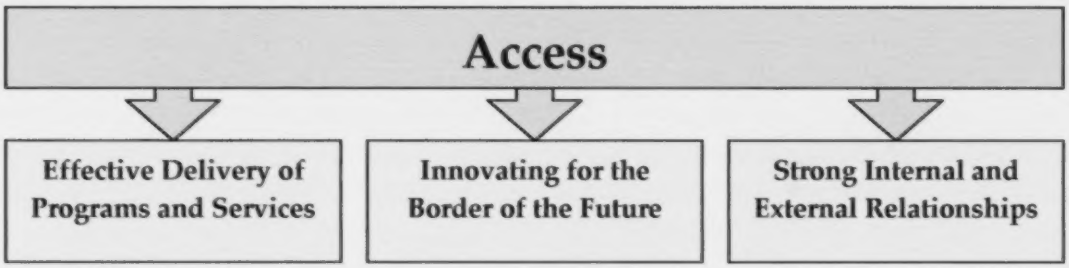
| Planned | Actual | Difference |
|---|---|---|
| 7,996 | 8,307 | (311) |

**Explanation of differences:**

The $40 million difference between total authorities and actual spending is the result of the following:

- $24 million as a net operating lapse more specifically related to the following initiatives:
  - Security and Prosperity Partnership of North America;
  - Securing Canada's air cargo transportation system; and
  - Arming CBSA officers and addressing work-alone situations.
- $16 million lapse in capital expenditures attributable to delays in the construction of capital projects in Douglas, B.C., and in Stanstead and Rigaud in Quebec.

**The Access program activity supports the following CBSA priorities:**


Access
Effective Delivery of Programs and Services
Innovating for the Border of the Future
Strong Internal and External Relationships

## Meeting our 2006–2007 Priorities and Commitments

### Movement of People Framework

The objective of the Movement of People Framework, a multi-year project, is to develop a long-term strategy for the movement of people across Canada's border. The Framework is a combination of program review and strategic visioning that will examine CBSA business processes to integrate customs, immigration and food, plant and animal inspection functions. This will allow us to determine the best way to use our innovative inspection programs to improve the processing and streaming of persons arriving at our border, expedite the flow of low-risk travellers and concentrate on high-risk travellers.

In 2006–2007, the CBSA completed a study on the primary inspection line and the secondary inspection function, and updated and validated the advance passenger processing and secondary processing of people and their goods for customs, immigration, and food, plant and animal functions in all transportation modes.

The CBSA also continued to carry out the Travellers Program Review to support the implementation of the Port of Entry Vision, to expedite the processing of people and to enhance the management of people processes. As of March 31, 2007, eight recommendations were implemented, eight were in progress, four have been identified for incorporation into new initiatives and three require further action.

**Movement of Goods Framework**

The objective of the Movement of Goods Framework, a multi-year project, is to confirm a defined commercial direction on the movements of goods across Canada's border. The Framework will be a combination of program review and strategic visioning that will ensure that the CBSA has the policy and regulatory framework in place to most effectively support programs such as Free and Secure Trade (FAST) and Advance Commercial Information (ACI). For these innovative programs to be successful, the CBSA must have confidence in the integrity of its programs and processes and know that they will meet the Agency's future needs. As part of the development of the Movement of Goods Framework, a report outlining the future direction of the commercial program at the CBSA was developed and finalized in November 2006. The report confirmed that the CBSA is on the right track and well positioned for the future. In addition, a commercial process model was developed in 2006–2007 to help illustrate the complexity of the commercial program.

In 2006–2007, the CBSA initiated reviews of a number of its commercial policies, programs and services to ensure their effective and efficient delivery (see Appendix B). The reviews will also enhance and modernize programs and policies so that they are relevant to today's commercial environment.

**Administrative Monetary Penalty System**

The Administrative Monetary Penalty System (AMPS) provides a means for the CBSA to ensure that goods are properly reported, duties and taxes are paid and accurate trade statistics are collected. The CBSA accomplishes this by issuing civil monetary penalties for infractions of customs legislation and regulations.

In 2006–2007, the CBSA began work to simplify the penalty system, including consultations with external partners and the trade community. A recommendation paper was prepared and circulated to the external consultative group and feedback has been mostly positive. The concerns raised by the CBSA's clients and employees regarding the quantity of contraventions and the complexity and lack of clarity of the existing penalty system are being considered and addressed as part of the AMPS review. Preliminary work was undertaken in 2006–2007 on changes to automated systems to make the penalties easier to administer.

### Core Services Review

The constant increase in international trade and travel has meant an increase in requests for new and enhanced publicly funded services that the CBSA cannot address with its current base resource allocation. To meet these demands and ensure fairness and equity, the CBSA has begun to review its approach to publicly funded core services and services provided on a cost-recovery basis in the air mode, with the intent of applying the same focus to the other modes in the future.

In 2006–2007, the Agency conducted extensive consultations with internal and external stakeholders on both the traveller and commercial streams in the air mode. The CBSA also reviewed the practices of selected Government of Canada departments and foreign border services organizations with respect to user fees and cost recovery. This research allowed the Agency to develop policy options for defining publicly versus privately funded services, along with economic models and assessment tools to test the principles advanced.

### U.S. Western Hemisphere Travel Initiative

The Western Hemisphere Travel Initiative (WHTI) came into force on January 23, 2007, for all travellers entering the United States by air.

The CBSA continued to lead the Canadian response to the WHTI and has been encouraging the U.S. government to ensure that any potential impacts on legitimate travel or trade are minimized when the WHTI is implemented in land and sea modes. As a result of Government of Canada and stakeholder efforts in 2006–2007, the proposed WHTI rules for land and sea would allow for more documents to be used to cross the Canada–U.S. border. One of these suggested documents is the NEXUS membership card. Additionally, in early 2008, when land and sea implementation will be phased in, oral declarations of citizenship and identity will be eliminated and the requirement for Canadians and Americans to provide government-issued photo ID together with proof of citizenship, such as a birth certificate, will be introduced for entry into the United States.

The CBSA continues to work with its partners and stakeholders to identify alternative documents to passports for cross-border travel. The CBSA is currently engaged with all provinces in assessing the feasibility of developing enhanced driver's licence programs.

### Anti-dumping and Countervailing Program

The Anti-dumping and Countervailing Program conducts investigations into allegations of injurious dumping or subsidizing of imported goods, re-investigations and expiry reviews under the *Special Import Measures Act*, and enforces injury findings made by the Canadian International Trade Tribunal (CITT) following dumping and/or subsidy investigations.

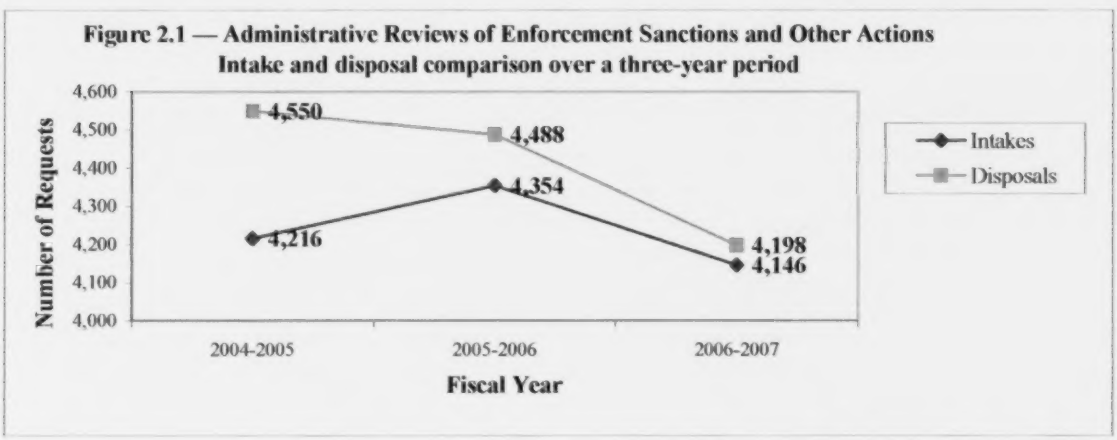
At the end of the fiscal year, the CBSA was monitoring imports of 16 products from various countries and assessed duty where necessary to offset the dumping or subsidizing. This activity helped protect 29,000 jobs and $4.9 billion in Canadian production in 2006–2007.

**Recourse Services**

The recourse program is responsible for providing clients with a fair and impartial review of decisions and actions taken in support of border services legislation. The objective is to make and support timely and consistent recourse decisions that contribute to the security, protection and economic prosperity of Canada. The CBSA is committed to ensuring that the recourse process is accessible and transparent.

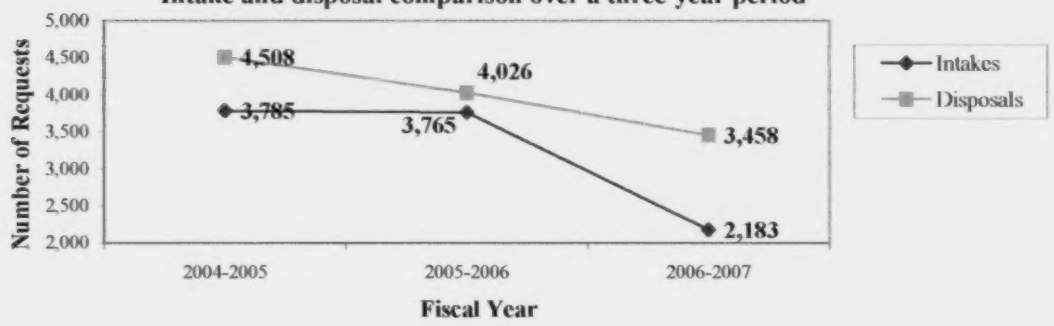
Throughout 2006–2007, the CBSA delivered administrative reviews of its decisions related to trade programs and enforcement sanctions. During this period, over 4,100 requests for review of enforcement actions and over 2,100 requests for reviews of trade disputes (re-determinations) were received. In addition, approximately 4,200 enforcement-related decisions and 3,500 trade-related decisions were rendered. Figures 2.1 and 2.2 provide the intake and disposal comparisons over a three-year period[12] for the administrative review of enforcement sanctions and other actions,[13] as well as trade program decisions[14] respectively.

**Figure 2.1 — Administrative Reviews of Enforcement Sanctions and Other Actions**
**Intake and disposal comparison over a three-year period**




[12] As a result of the ongoing quality assurance and quality control of the information in the CBSA's operational databases, these statistics differ from those published in the 2005–2006 Departmental Performance Report.
[13] "Other actions" include administrative reviews of enforcement sanctions that have been appealed further to the Federal Court, as well as complaints to the Canadian Human Rights Commission.
[14] "Trade program decisions" include trade administration disputes, as well as CITT and Federal Court appeals of trade administration decisions.

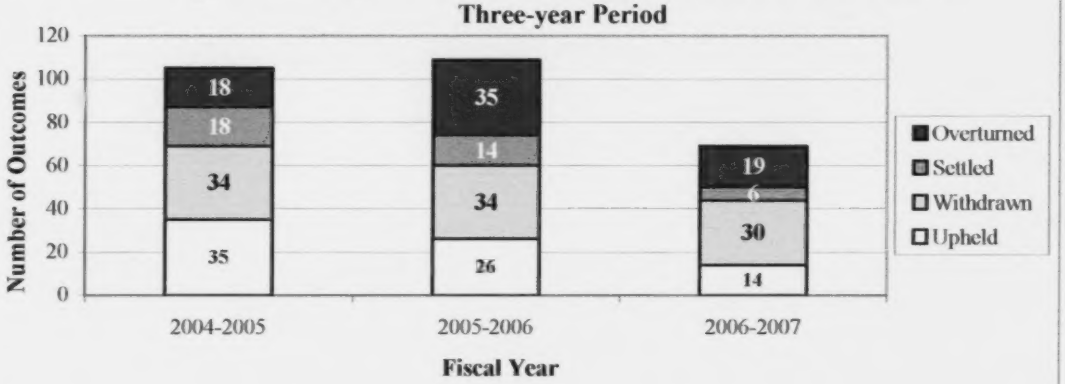
**Figure 2.2 — Trade Program Decisions**
**Intake and disposal comparison over a three-year period**




To promote transparency and timely decision making, in 2006–2007, it was the CBSA's aim to acknowledge new appeals and provide the claimant with the name of the CBSA contact assigned to their case within 30 days of receipt. This standard was satisfied 89% of the time. In addition to acknowledging receipt of the dispute in a timely fashion, the CBSA also focused on providing clients with the Notice of Reasons for Action within 45 days of the file being assigned to an adjudicator 90% of the time. This standard was exceeded during 2006–2007 as 94% of clients received the Notice of Reasons for Action within 45 days.

Over a three-year period, approximately 13% of our trade dispute decisions and 2% of our adjudication decisions were appealed further to the courts. Of these, the courts upheld the CBSA's administrative decisions or the appellant withdrew their appeal in 62% of all decisions rendered. Figure 2.3 shows the outcome of appeals to the CITT and the courts over a three-year period.

**Figure 2.3 — Outcome of Appeals to the CITT and the Courts Over a Three-year Period**



## Program Activity: Science- and Technology-based Innovation

The goal of the Science- and Technology-based Innovation program activity is to support efficient and effective border management, and to protect Canadians from existing risk and emerging threats through the design, development, implementation, delivery and maintenance of cost-effective technology and science solutions, in partnership with other program activities.

**Financial Resources ($ thousands):**

| Planned Spending | Total Authorities | Actual Spending |
|---|---|---|
| 141,259 | 292,752 | 223,959 |

**Human Resources (FTEs):**

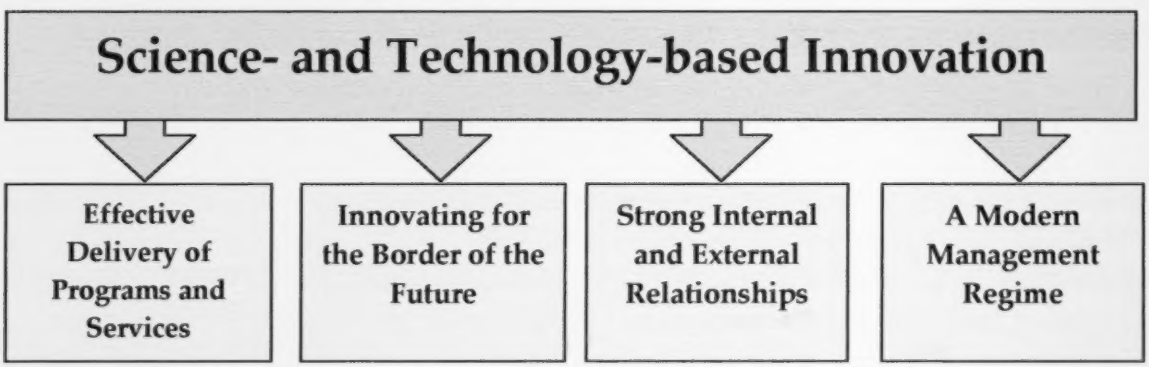
| Planned | Actual | Difference |
|---|---|---|
| 531 | 978 | (447) |

**Explanation of differences:**[15]

The $69 million difference between total authorities and actual spending is mainly related to the following initiatives:

- Security and Prosperity Partnership of North America;
- Securing Canada's air cargo transportation system;
- Container Security Initiative; and
- Harmonized Risk Scoring – Advance Trade Data.

**The Science- and Technology-based Innovation program activity supports the following CBSA priorities:**


Science- and Technology-based Innovation
Effective Delivery of Programs and Services
Innovating for the Border of the Future
Strong Internal and External Relationships
A Modern Management Regime

[15] The variance between planned and actual spending is attributable to two major factors. The first is the Agency's lapse at the end of 2006–2007, for which explanations are provided above. The second is the result of a review of resource allocations by program activity designed to more accurately align financial expenditures and human resources utilization to the pertinent program activities. This review was completed after publication, in the 2006–2007 Report on Plans and Priorities, of the planned spending and related human resources in the tables above. It identified technical adjustments to better reflect realignment of resources from the Security program activity to other program activities, in particular, the Science- and Technology-based Innovation program activity. The results of this realignment were first reflected in the 2007–2008 Main Estimates and more accurate planned spending and human resources allocations will be presented in all future reports to Parliament.

## Meeting our 2006–2007 Priorities and Commitments

### IT infrastructure — Operations/enhancements and maintenance

The CBSA continues to deliver quality programs and services to its clients, partners and stakeholders, and to improve its operations by strengthening its intelligence and enforcement capacity with the latest state-of-the-art tools and technology to reduce the threats inherent in terrorism, smuggling, organized crime and communicable disease.

In 2006–2007, the CBSA maintained 24/7 operations and maintenance of a number of automated commercial systems: the Accelerated Commercial Release Operations Support System (ACROSS), the Customs Commercial System and the Customs Electronic Commerce Platform. Our automated commercial systems remained available to our internal and external clients over 95.5% of the time. In rare cases when an outage did occur, the CBSA immediately reacted to and resolved the problem with minimal disruption to border operations through established procedures.

Significant enhancements to our IT infrastructure and operations have been implemented, and IT infrastructure strategies continued to be developed and incorporated in our overall IT strategy and plan. For example, through Phase II of the ACI program, pre-arrival data on cargo is now provided electronically for risk assessment.

### Enhancements to the Commercial Risk Assessment System

The ACI program is based on the concept that the transmission of electronic commercial data allows the CBSA to better assess the risk of conveyances and goods before their arrival in Canada. To enhance its risk-management capability, the CBSA developed and implemented an automated Commercial Risk Assessment System to screen ACI in order to identify high-risk shipments before they arrive at our border.

Building on the success of Phase I of the ACI program, which was implemented in the marine mode in 2004, the CBSA expanded the ACI model to the transborder marine and air modes as part of Phase II. Phase II was fully implemented in June 2006.

Since the implementation of Phase II, there have been ongoing enhancements and refinements to the Commercial Risk Assessment System to support the Agency's ability to respond to emerging threats to the health, safety and security of Canadians.

***DID YOU KNOW?***

In June 2006, the Commercial Risk Assessment System development team received the prestigious Public Service Award of Excellence. The team won in the Innovation category for creating a sophisticated automated tool to assess the risk of cargo shipments destined for Canada before their arrival at the border.

**Enhancements to the Travellers Risk Assessment System**

The Primary Automated Lookout System (PALS) is nearing the end of its lifecycle. A new initiative, known as the PALS replacement, will provide border services officers with an improved tool to perform automated risk assessments on both travellers and vehicles seeking entry into Canada at land border crossings. The Integrated Primary Inspection Line (IPIL) highway portion of the PALS replacement underwent significant development in 2006–2007. This involved a significant system enhancement that will integrate licence plate document reader technology (procured in 2006–2007), thereby allowing us to assess the risk of both the traveller and the vehicle. This will enable the CBSA to expedite the passage of low-risk individuals while enhancing its ability to identify higher-risk individuals.

**Advance Interdepartmental Reporting Initiative**

The Advance Interdepartmental Reporting Initiative (AIRI) will continue to identify and develop additional electronic solutions and interface options to enhance and increase the exchange of reporting data between the CBSA and OGDs and partners. These solutions will allow the CBSA to conduct business with all trade partners in electronic format as well as support new risk-assessment processes and technologies in support of national security and the public health and safety of Canadians.

In 2006–2007, under the AIRI, the CBSA identified data-reporting requirements from OGDs for approximately 40 programs to help make the transition from paper-based transactions to full electronic reporting of border requirements. In support of the CBSA's commitment to the WCO data model, these requirements were mapped to that model. The CBSA also provided its requirements to the WCO and requested that they be included in the next enhanced version of the WCO data model.

**Harmonized Risk Scoring — Advance Trade Data**

The goal of the Harmonized Risk Scoring — Advance Trade Data initiative is to close existing information gaps in the marine commercial supply chain by harmonizing targeting methodologies with U.S. CBP to the standards established by the WCO. This harmonization includes incorporating additional trade data that is not currently being submitted to the CBSA. The focus of this initiative is to effectively identify high-risk commercial goods while at the same time facilitating the flow of low-risk goods, thereby reducing the number of examinations necessary. This will allow the CBSA to focus resources on identifying high-risk containers.

The CBSA determined its most critical risk indicators by identifying gaps. These gaps were identified through detailed statistical analysis and new scoring algorithms developed for the Commercial Risk Assessment System, based on existing and new risk indicators in a simulation environment.

Additional data will enhance the integrity of our risk assessments by providing end-to-end transparency of marine containers from the point of origin to their final destination in Canada.

**eManifest**

Over the next five years, the Government of Canada has committed to investing $396 million in eManifest.[16] This initiative has been identified as a key priority under the trilateral Security and Prosperity Partnership of North America that includes Canada, the United States and Mexico.

eManifest will significantly increase the CBSA's ability to detect rail and highway shipments coming into Canada that are of high or unknown risk. With the advance electronic cargo information received, the CBSA will be better able to effectively analyze risk, while ensuring efficient border operations and flow of international trade. By having the right information at the right time in the right format, the CBSA will be able to make an informed decision based on a rigorous risk assessment completed before the goods arrive in Canada.

Highlights of eManifest:

- Advance electronic crew, cargo and conveyance information from carriers, freight forwarders and importers/customs brokers;
- Web portal option for clients to facilitate compliance;
- Automated risk assessment in advance of the goods arriving in Canada;
- Streamlined border processing through integrated systems for officers;
- The incorporation of transponder technology; and
- Significant investments in the CBSA IT infrastructure.

For input and guidance on this initiative, the CBSA established an eManifest Stakeholder Partnership Network and held the inaugural meeting in Ottawa in January 2006.

In 2006–2007, further discussions with stakeholders were held that contributed to the development of key products including the project charter, a draft deployment plan and governance models. Close cooperation and collaboration was also established with the United States, including the sharing of detailed information relative to their best practices and lessons learned. The CBSA continues to participate in the Trade Support Network Subcommittee on Cross Border Harmonization with representatives from U.S. and Mexican customs.

**Advance Passenger Information/Passenger Name Record**

The Advance Passenger Information/Passenger Name Record (API/PNR) program enables the CBSA to perform risk assessments on air travellers, which includes passengers and the crew, before a flight arrives in Canada. Through this program, high-risk air travellers are identified while en route to Canada. Travellers' data is analyzed to assess the level of risk before their arrival at Canada's nine major international airports.

The PNR "push" functionality (PNR Push) is the direct transfer of data to the CBSA. A partial solution was implemented in April 2006. In 2006–2007, the CBSA initiated the development of the full solution, including additional system enhancements to further improve the data transfer functionality. The CBSA added and enhanced data from 12 airlines, which increased the number

[16] Refer to Table 8: Status Report on Major Crown Projects.

of risk assessments and provided more data for users to analyze. Due to these enhancements, the Agency was able to analyze API/PNR data provided by certified airlines on a 24/7 basis throughout 2006–2007.

**NEXUS Air**

NEXUS Air is a joint program between Canada and the United States. It began as a pilot project that evolved from the 2001 Canada–U.S. Smart Border Declaration commitment to improve the secure flow of people between the two countries. NEXUS is designed to expedite the border clearance process for low-risk, pre-approved travellers into Canada and the United States.

In December 2006, the CBSA announced the harmonization of the NEXUS Air, Highway and Marine modes into one harmonized NEXUS program. Currently the harmonized NEXUS program has a membership of 122,000.

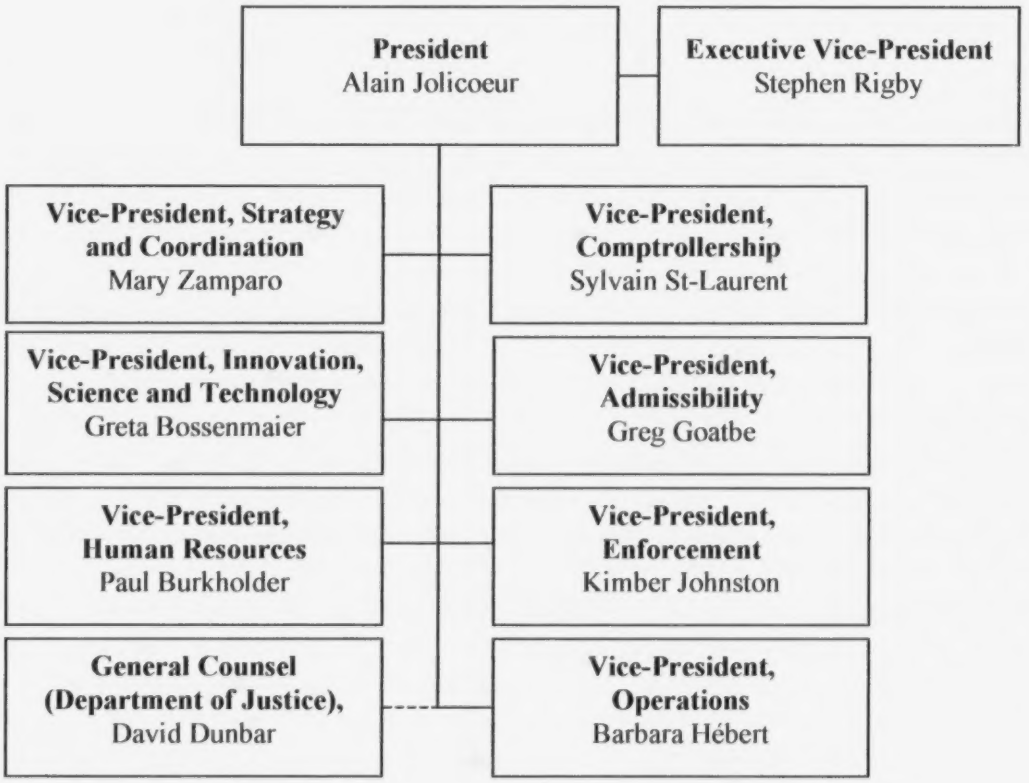
In 2006–2007, NEXUS Air was implemented at Toronto Pearson International Airport (Terminal 1) and Montréal-Pierre Elliott Trudeau International Airport. The expansion of NEXUS Air to all Canadian international airports with U.S. preclearance facilities was also announced and the CBSA began laying the groundwork for the expansion in Calgary, Edmonton, Winnipeg, Ottawa, Halifax and Toronto (Terminal 3) in 2007–2008.

***DID YOU KNOW?***

In October 2006, NEXUS Air was awarded the Government Technology Exhibition and Conference (GTEC) Gold Medal; it was also nominated for the Public Service Award of Excellence in early 2007.

# SECTION III: SUPPLEMENTARY INFORMATION

## Organizational Information




The CBSA is organized into seven branches and each one is headed by a Vice-President who reports directly to the President. The Executive Vice-President provides support to the President and concentrates on the leadership of the Agency's program and operational management, as well as the management of financial resources and comptrollership.

Operations are delivered in eight regions: Atlantic, Quebec, Northern Ontario, Greater Toronto Area, Windsor–St. Clair, Niagara–Fort Erie, Prairies and Pacific. CBSA officers are also located at 39 points abroad. The Admissibility and Enforcement branches develop the programs and policies that the Operations Branch delivers. The Innovation, Science and Technology Branch works with these branches to ensure that we maximize our capacity to support effective and efficient operations. Underpinning all our policy, program and operational work are the critical strategic and enabling functions that span the Strategy and Coordination, Human Resources and Comptrollership branches. The CBSA also works closely with its Department of Justice Legal Services Unit to ensure that CBSA operations, service delivery, policy development, corporate direction and management are legally supportable.

This structure encourages strong internal synergies among all program areas and supports clear accountability for all functions. Everything we do is focused on maximizing and supporting the performance of our front line.

## Table 1: Comparison of Planned to Actual Spending (including FTEs)

| (thousands of dollars) | 2004–2005 Actual | 2005–2006 Actual | 2006–2007 | | | |
|---|---|---|---|---|---|---|
| | | | Main Estimates | Planned Spending | Total Authorities | Actual |
| **Program Activity**[17] | | | | | | |
| Security | 256,576 | 300,599 | 447,250 | 557,500 | 422,610 | 358,366 |
| Access | 719,640 | 682,349 | 764,356 | 780,381 | 759,674 | 719,283 |
| Science- and Technology-based Innovation | 100,338 | 200,841 | 94,037 | 141,259 | 292,752 | 223,959 |
| Less: Respendable revenue | (15,464) | (14,938) | (12,110) | (12,110) | (20,508) | (20,508) |
| **Total** | **1,061,090** | **1,168,851** | **1,293,533** | **1,467,030** | **1,454,528** | **1,281,100** |
| Less: Non-respendable revenue | (31,231) | (44,382) | | (38,563) | | (55,044) |
| Plus: Cost of services received without charge | 103,853 | 111,685 | | 109,527 | 119,300 | 119,300 |
| **Total Departmental Spending** | **1,133,712** | **1,236,154** | | **1,537,994** | **1,573,828** | **1,345,356** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Full-time Equivalents (FTEs)** | **10,758** | **12,077** | | **12,763** | | **12,383** |

[17] The CBSA undertook a review of its allocation to better match the expenditures and the FTE utilization against each program activity. As a result, an adjustment has been made to the breakdown by program activity in the 2007–2008 Main Estimates.

## Table 2: Resources by Program Activity

| 2006–2007 | | | | | |
|---|---|---|---|---|---|
| | Budgetary (thousands of dollars) | | | | |
| Program Activity | Operating | Capital | Total: Gross Budgetary Expenditures | Less: Respendable Revenue | Actual |
| **Security** | | | | | |
| Main Estimates | 436,843 | 10,407 | 447,250 | 0 | 447,250 |
| *Planned Spending* | *544,333* | *13,167* | *557,500* | *0* | *557,500* |
| Total Authorities | 408,182 | 14,428 | 422,610 | 0 | 422,610 |
| *Actual Spending* | *348,871* | *9,495* | *358,366* | *0* | *358,366* |
| **Access** | | | | | |
| Main Estimates | 745,910 | 18,446 | 764,356 | (12,110) | 752,246 |
| *Planned Spending* | *761,935* | *18,446* | *780,381* | *(12,110)* | *768,271* |
| Total Authorities | 724,528 | 35,146 | 759,674 | (20,508) | 739,166 |
| *Actual Spending* | *700,714* | *18,569* | *719,283* | *(20,508)* | *698,775* |
| **Science- and Technology-based Innovation** | | | | | |
| Main Estimates | 94,037 | 0 | 94,037 | 0 | 94,037 |
| *Planned Spending* | *141,259* | *0* | *141,259* | *0* | *141,259* |
| Total Authorities | 290,652 | 2,100 | 292,752 | 0 | 292,752 |
| *Actual Spending* | *221,879* | *2,080* | *223,959* | *0* | *223,959* |
| **Total** | | | | | |
| Main Estimates | 1,276,790 | 28,853 | 1,305,643 | (12,110) | 1,293,533 |
| *Planned Spending* | *1,447,527* | *31,613* | *1,479,140* | *(12,110)* | *1,467,030* |
| Total Authorities | 1,423,362 | 51,674 | 1,475,036 | (20,508) | 1,454,528 |
| *Actual Spending* | *1,271,464* | *30,144* | *1,301,608* | *(20,508)* | *1,281,100* |

## Table 3: Voted and Statutory Items

| Vote or Statutory Item | Truncated Vote or Statutory Wording | 2006–2007 (thousands of dollars) | | | |
|---|---|---|---|---|---|
| | | Main Estimates | Planned Spending | Total Authorities | Actual |
| 10 | Operating expenditures | 1,119,660 | 1,284,058 | 1,264,927 | 1,113,152 |
| 15 | Capital expenditures | 28,853 | 31,613 | 51,674 | 30,144 |
| (S) | Contributions to employee benefit plans | 145,020 | 151,359 | 136,845 | 136,845 |
| (S) | Spending of proceeds from the disposal of surplus Crown assets | | | 364 | 241 |
| (S) | Refunds of amounts credited to revenues in previous years | | | 718 | 718 |
| | Total | 1,293,533 | 1,467,030 | 1,454,528 | 1,281,100 |

**Explanation of differences:**

The $173 million difference between total authorities and actual is mainly the result of the following:

- $152 million as a net operating lapse mainly related to the following initiatives:
  - Security and Prosperity Partnership of North America ($40 million);
  - Securing Canada's air cargo transportation system ($3 million);
  - Arming CBSA officers and addressing work-alone situations ($23 million);
  - Delays in the implementation of the Primary Automated Lookout System ($23 million);
  - Container Security Initiative and Harmonized Risk Scoring — Advance Trade Data ($10 million); and
  - Detection technology equipment ($17 million).

- $21 million lapse in capital expenditures:
  - Delays in the construction of capital projects in Douglas, B.C., and in Stanstead and Rigaud in Quebec; and
  - Radiation detection and other equipment related to the Asia-Pacific Gateway and Corridor initiative.

## Table 4: Services Received Without Charge

| (thousands of dollars) | 2006–2007 Actual Spending |
|---|---|
| Accommodation provided by Public Works and Government Services Canada. | 52,062 |
| Contributions covering employer's share of employees' insurance premiums and expenditures paid by the Treasury Board of Canada Secretariat (TBS) (excluding revolving funds). Employer's contribution to employees' insured benefits plans and associated expenditures paid by the TBS. | 62,388 |
| Workers' compensation coverage provided by Human Resources and Social Development Canada. | 452 |
| Salary and associated expenditures of legal services provided by the Department of Justice. | 4,398 |
| Total: 2006–2007 services received without charge | 119,300 |

## Table 5: Sources of Respendable and Non-Respendable Revenue

**Respendable Revenue**

| (thousands of dollars) | Actual 2004–2005 | Actual 2005–2006 | 2006–2007 | | | |
|---|---|---|---|---|---|---|
| | | | Main Estimates | Planned Revenue | Total Authorities | Actual |
| **Access** | | | | | | |
| Sale of goods and services | 1,458 | 1,440 | 1,754 | 1,754 | 1,867 | 1,867 |
| Services of a regulatory nature | 2,821 | 2,604 | 1,931 | 1,931 | 4,516 | 4,516 |
| Services of a non-regulatory nature | 11,185 | 10,894 | 8,425 | 8,425 | 14,125 | 14,125 |
| **Total: Access** | 15,464 | 14,938 | 12,110 | 12,110 | 20,508 | 20,508 |
| **Total: Respendable Revenue** | 15,464 | 14,938 | 12,110 | 12,110 | 20,508 | 20,508 |

**Explanation of differences:**

The major items accounting for the $8 million increase between the planned revenue and actual are the following:

- Canadian Food Inspection Agency fees ($2 million);
- Fees for the collection of provincial sales tax ($2 million);
- Alternative reporting programs ($2 million); and
- Customs services ($1 million).

## Non-Respendable Revenue

| (thousands of dollars) | Actual 2004–2005 | Actual 2005–2006 | 2006–2007 Main Estimates | 2006–2007 Planned Revenue | 2006–2007 Total Authorities | 2006–2007 Actual |
|---|---|---|---|---|---|---|
| **Security** | | | | | | |
| *Adjustments to previous year's expenditures* | *1,461* | *4,689* | | *3,137* | | *4,200* |
| *Sale of goods and services* | | | | | | |
| Services of a regulatory nature | 2,565 | 2,783 | | 2,727 | | 1,926 |
| Services of a non-regulatory nature | 424 | 898 | | 674 | | |
| *Total: Sale of goods and services* | *2,989* | *3,681* | | *3,402* | | *1,926* |
| ***Miscellaneous*** | | | | | | |
| GST/HST, customs import duties, excise and the Air Travellers Security Charge | 2,646 | 3,251 | | 3,007 | | 2,824 |
| Sundries | | | | | | |
| Court fines | 1,486 | 1,717 | | 1,634 | | 1,037 |
| Customs seizures | | 10 | | 5 | | 4 |
| Investigations seizures | 2,892 | 716 | | 1,840 | | 5,455 |
| Port seizures | 7,107 | 8,054 | | 7,732 | | 10,268 |
| Interest and penalties[18] | 209 | 16,282 | | 15,868 | | 26,785 |
| Other | 11,551 | 5,230 | | 1,101 | | 1,859 |
| ***Total: Miscellaneous*** | *25,891* | *35,260* | | *31,187* | | *48,232* |
| **Total: Security** | 30,341 | 43,630 | | 37,725 | | 54,358 |
| **Access** | | | | | | |
| Sale of goods and services | | | | | | |
| Public building and property rental | 380 | 363 | | 379 | | 296 |
| **Total: Access** | 380 | 363 | | 379 | | 296 |
| **Science- and Technology-based Innovation** | | | | | | |
| Sale of goods and services – rights and privileges | | | | | | |
| IonScan royalties | 510 | 389 | | 458 | | 390 |
| **Total: Science- and Technology-based Innovation** | 510 | 389 | | 458 | | 390 |
| | | | | | | |
| **Total: Non-Respendable Revenue** | 31,231 | 44,382 | | 38,563 | | 55,044 |

[18] In the 2006–2007 Report on Plans and Priorities, the interest and penalties information was included under "Other" revenue. In order to provide more transparency, the portion attributable to interest and penalties has been separately displayed.

## Table 6: User Fees Act

| User Fee | Fee Type | Fee-setting Authority | Date Last Modified | 2006–2007 | | | | | Planning Years | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Forecast Revenue ($000) | Actual Revenue ($000) | Full Cost ($000) | Performance Standard | Performance Results | Fiscal Year | Forecast Revenue ($000) | Estimated Full Cost ($000) |
| Regulatory | | | | | | | | | | | |
| Broker's licence and examination fees | Regulatory | *Customs Act* | 1992 | 400 | 367 | 740 | Results received 4-6 weeks from date of exam. | Results were received within 9 weeks from date of exam. This is due to a change in how the exams are marked. Corrective action has been taken to ensure the performance standard is met. | 2007–2008<br>2008–2009<br>2009–2010 | 375<br>375<br>375 | 750<br>750<br>750 |
| Customs sufferance warehouse licence fees | Regulatory | *Customs Act* | 1996 | 600 | 559 | 1,510 | Application processed in 60 business days. | All applications that were fully completed according to the requirements of the regulations under the *Customs Act* were processed within 60 business days. | 2007–2008<br>2008–2009<br>2009–2010 | 600<br>600<br>600 | 1,550<br>1,550<br>1,550 |
| Bonded warehouse licence fees | Regulatory | *Customs Tariff* | 1996 | 600 | 481 | 1,535 | Operator to receive notice of determination within four weeks after an audit or examination. | The operator receives notice of determination 100% of the time within four weeks after an audit or examination. | 2007–2008<br>2008–2009<br>2009–2010 | 500<br>500<br>500 | 1,600<br>1,600<br>1,600 |
| Storage charges — Queen's and frontier warehouses | Regulatory | *Customs Act* | 1992 | 400 | 206 | 404 | Goods to be handled with care and stored in a secure manner to safeguard against damage or loss. | No successful claims for damage or loss. | 2007–2008<br>2008–2009<br>2009–2010 | 250<br>250<br>250 | 415<br>415<br>415 |
| Customs special services fees | Regulatory | *Customs Act* | 1986 | 700 | 403 | 1,186 | The relevant regulation under the *Customs Act* is currently under review. Service standards are being developed as part of this review. | | 2007–2008<br>2008–2009<br>2009–2010 | 400<br>400<br>400 | 1,200<br>1,200<br>1,200 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Canadian Food Inspection Agency fees notice | Regulatory | *Canadian Food Inspection Agency Act* | 1997 | 400 | 2,302 | 6,577 | Inspection activities are to be provided in accordance with corresponding federal regulations. | | 2007–2008<br>2008–2009<br>2009–2010 | 2,300<br>2,300<br>2,300 | 6,600<br>6,600<br>6,600 |

| User Fee | Fee Type | Fee-setting Authority | Date Last Modified | 2006–2007 | | | | | Planning Years | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Forecast Revenue ($000) | Actual Revenue ($000) | Full Cost ($000) | Performance Standard | Performance Results | Fiscal Year | Forecast Revenue ($000) | Estimated Full Cost ($000) |
| NEXUS | Regulatory | *Customs Act* | 2002 | 1,000 | 1,168 | 4,573 | 4-6 weeks** | 93% processed within 4-6 weeks** | 2007–2008<br>2008–2009<br>2009–2010 | 3,900<br>3,900<br>3,900 | 4,600<br>4,600<br>4,600 |
| FAST program | Regulatory | *Customs Act* | 2002 | 1,000 | 840 | 3,324 (driver registration) | 4-6 weeks** | 4-6 weeks** | 2007–2008<br>2008–2009<br>2009–2010 | 700<br>700<br>700 | 3,350<br>3,350<br>3,350 |
| CANPASS programs | Regulatory | *Customs Act* | June 22, 2006* | 900 | 1,467 | 3,460 | 4-6 weeks** | 90% processed within 4-6 weeks** | 2007–2008<br>2008–2009<br>2009–2010 | 500<br>500<br>500 | 3,500<br>3,500<br>3,500 |
| *Sub-total: Regulatory* | | | | **6,000** | **7,855** | **19,132** | | | 2007–2008<br>2008–2009<br>2009–2010 | **9,725**<br>**9,725**<br>**9,725** | **19,390**<br>**19,390**<br>**19,390** |
| **Other Products and Services** | | | | | | | | | | | |
| Fees charged for the processing of access requests filed under the *Access to Information Act.* | Other products and services | *Access to Information Act* | 1992 | 5 | 6 | 1,805 | Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of the *Access to Information Act.* Notice of extension to be sent within 30 days after receipt of request. The *Access to Information Act* provides more details. | 1,064 access requests were completed in the 2006–2007 fiscal year: 30.1% were completed on time, 69.9% were completed late. These results reflect, in large part, staffing shortages, which are being addressed in the 2007–2008 fiscal year. Significant resources are being invested in staffing, policy and training to improve overall compliance ratings. | 2007–2008<br>2008–2009<br>2009–2010 | 5<br>5<br>5 | 1,800<br>1,800<br>1,800 |
| *Sub-total: Other products and services* | | | | **5** | **6** | **1,805** | | | 2007–2008<br>2008–2009<br>2009–2010 | **5**<br>**5**<br>**5** | **1,800**<br>**1,800**<br>**1,800** |
| ***TOTAL: USER FEES*** | | | | **6,005** | **7,861** | **20,937** | | | 2007–2008<br>2008–2009<br>2009–2010 | **9,730**<br>**9,730**<br>**9,730** | **21,190**<br>**21,190**<br>**21,190** |

* Modifications did not change fee or scope of program, so *User Fees Act* provisions are not applicable.

** The performance results provided reflect the Canadian portion of the application process up to inviting applicants to attend an office to finalize their memberships. The CBSA will review the existing published performance standards for processing applications with its partner (U.S. Customs and Border Protection) and consult with stakeholders (including the public) to clarify the processing standards and adjust time frames as required. Revised time frames will be made available to the public on the Internet and in program brochures and guides.

## Table 7: Summary Listing of Project Spending

For the 2006–2007 fiscal year, the following projects exceeded the CBSA's delegated project approval level:[19]

1. Clarenceville, Que.
2. Andover, N.B.
3. Cascade, B.C.
4. Douglas, B.C.
5. Emerson West, Man.
6. Lacolle, Que.
7. Stanstead Route 55 (Rock Island), Que.
8. St. Stephen, N.B.
9. Rigaud, Que.
10. Fraser, B.C.
11. Aldergrove, B.C.
12. Regional realignment
13. Enhancing road and rail cargo security — eManifest
14. Canada–U.S. Harmonized Risk Scoring — Advance Trade Data

Supplementary information on project spending can be found on the Treasury Board of Canada Secretariat's (TBS) Web site at www.tbs-sct.gc.ca/rpp/0607/info/ps-dp_e.asp.

[19] The CBSA's delegated authority is $1 million for real property, general projects and new technology (with a $3 million replacement limit). All of the major projects listed above have received Treasury Board project approval and expenditure authorization for the objectives of the project implementation phase.

## Table 8: Status Report on Major Crown Projects

For the 2006–2007 fiscal year, the following project was deemed a Major Crown Project. Generally, projects are designated as Major Crown Projects when their estimated cost will exceed $100 million and the project risk is assessed as high.

- eManifest

Supplementary information on Major Crown Projects can be found on the TBS Web site at www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.

## Table 9: Financial Statements

### Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ending March 31, 2007 and all information contained in these statements rests with Canada Border Services Agency's (Agency) management. These financial statements have been prepared by management in accordance with accounting policies issued by the Treasury Board of Canada Secretariat which are consistent with Canadian generally accepted accounting principles for the public sector. The financial statements of the Agency have not been audited.

Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act,* are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

**Alain Jolicoeur, President**
Ottawa, Canada
*August 16, 2007*

**Sylvain St-Laurent, Senior Financial Officer**
Ottawa, Canada
*August 14, 2007*

**Canada Border Services Agency**
**Statement of Operations (Unaudited)**
**For the Year Ended March 31**
*(in thousands of dollars)*

| | 2007 | | | | 2006 (restated) |
|---|---|---|---|---|---|
| | Access | Security | Science & Technology | Total | Total |
| **Revenues** | | | | | |
| Tax revenues | | | | | |
| Excise taxes (Note 4) | 21,370,613 | - | - | 21,370,613 | 23,345,397 |
| Customs import duties | 3,704,222 | - | - | 3,704,222 | 3,329,810 |
| Excise duties (Note 5) | 895,237 | - | - | 895,237 | 79,580 |
| | 25,970,072 | - | - | 25,970,072 | 26,754,787 |
| Non-tax revenues | | | | | |
| Sale of goods and services | 19,782 | 2,709 | 329 | 22,820 | 20,262 |
| Interest, penalties & fines | 27,887 | 33 | 8 | 27,928 | 17,999 |
| Seized property | 15,727 | - | - | 15,727 | 8,780 |
| Forfeitures of cash bonds | - | 2,057 | - | 2,057 | 2,384 |
| Gain on sale of assets | 132 | 67 | 15 | 214 | 2,409 |
| Miscellaneous | 1,319 | 558 | (49) | 1,828 | 4,995 |
| | 64,847 | 5,424 | 303 | 70,574 | 56,829 |
| **Total Revenues** | 26,034,919 | 5,424 | 303 | 26,040,646 | 26,811,616 |
| **Operating Expenses** | | | | | |
| Salaries and employee benefits | 672,997 | 282,439 | 88,686 | 1,044,122 | 984,635 |
| Professional and special services | 34,233 | 48,690 | 114,967 | 197,890 | 154,588 |
| Transportation and telecommunication | 21,813 | 27,695 | 5,220 | 54,728 | 48,130 |
| Rental of land and buildings | 32,341 | 16,647 | 3,623 | 52,611 | 49,634 |
| Bad debts (Recovery) | 50,996 | - | - | 50,996 | (636) |
| Amortization | 7,901 | 6,629 | 13,901 | 28,431 | 27,634 |
| Repair and maintenance | 17,728 | 7,793 | 2,427 | 27,948 | 19,325 |
| Materials and supplies | 11,158 | 6,041 | 1,818 | 19,017 | 15,936 |
| Consumable machinery and equipment (parts) | 12,231 | 7,869 | (2,028) | 18,072 | 20,670 |
| Other | 2,242 | 2,923 | 481 | 5,646 | 8,610 |
| **Total Expenses** | 863,640 | 406,726 | 229,095 | 1,499,461 | 1,328,526 |
| **Net Results** | 25,171,279 | (401,302) | (228,792) | 24,541,185 | 25,483,090 |

**Canada Border Services Agency**
**Statement of Financial Position (Unaudited)**
**At March 31**
*(in thousands of dollars)*

| | 2007 | 2006 |
|---|---|---|
| **ASSETS** | | |
| **Financial assets** | | |
| Cash | 2,066,739 | 2,071,048 |
| Accounts receivable and advances (Note 6) | 17,444 | 8,080 |
| Tax receivables (Note 7) | 1,295,042 | 1,171,459 |
| **Total financial assets** | 3,379,225 | 3,250,587 |
| **Non-financial assets** | | |
| Prepaid expenses | 159 | 0 |
| Inventory | 3,806 | 4,358 |
| Tangible capital assets (Note 8) | 312,329 | 292,432 |
| **Total non-financial assets** | 316,294 | 296,790 |
| TOTAL | 3,695,519 | 3,547,377 |
| **LIABILITIES AND EQUITY OF CANADA** | | |
| **Liabilities** | | |
| Accrued accounts payable and accrued liabilities (Note 9) | 94,036 | 87,937 |
| Payable to provinces (Note 10) | 8,242 | 7,569 |
| Tax payables | 23,666 | 24,136 |
| Deposit accounts (Note 11) | 40,823 | 39,670 |
| Salary, vacation pay and compensatory leave | 82,147 | 71,967 |
| Employee severance benefits (Note 12) | 168,061 | 118,288 |
| | 416,975 | 349,567 |
| **Equity of Canada** | 3,278,544 | 3,197,810 |
| TOTAL | 3,695,519 | 3,547,377 |

*Contingent liabilities (Note 13)*
*Contractual obligations (Note 14)*
*The accompanying notes form an integral part of these financial statements.*

**Canada Border Services Agency**
**Statement of Equity of Canada *(Unaudited)***
**For the Year Ended March 31**
*(in thousands of dollars)*

| | 2007 | 2006 |
|---|---|---|
| **Equity of Canada, beginning of year** | 3,197,810 | 2,987,286 |
| Net results | 24,541,185 | 25,483,090 |
| Current year appropriations used (Note 3) | 1,281,100 | 1,168,851 |
| Revenue not available for spending | (26,041,424) | (26,797,314) |
| Change in net position in the Consolidated Revenue Fund (Note 3c) | 180,573 | 244,212 |
| Services provided without charge from other government departments (Note 15) | 119,300 | 111,685 |
| **Equity of Canada, end of year** | 3,278,544 | 3,197,810 |

*The accompanying notes form an integral part of these financial statements.*

**Canada Border Services Agency**
**Statement of Cash Flow *(Unaudited)***
**For the Year Ended March 31**
*(in thousands of dollars)*

| | 2007 | 2006 |
|---|---|---|
| **Operating activities** | | |
| Net results | 24,541,185 | 25,483,090 |
| Non-cash items: | | |
| Services provided without charge by other government departments | 119,300 | 111,685 |
| Amortization of tangible capital assets | 28,431 | 27,634 |
| Adjustment to Capital Assets | (8,866) | 10 |
| Legal Services (Justice) expense | 435 | - |
| Bad debt expense | 158 | - |
| Contaminated Liability expense | (59) | - |
| Variations in Statement of Financial Position: | | |
| Increase (Decrease) in accounts receivable and advances | (9,364) | 7,116 |
| Increase in tax receivables | (123,583) | (223,953) |
| Increase (Decrease) in prepaid expenses | (159) | 166 |
| Decrease in inventory | 552 | 483 |
| Increase (Decrease) in accounts payable and accrued liabilities | 6,099 | (17,253) |
| Increase in payable to provinces | 673 | 1,593 |
| Increase in deposit accounts | 1,153 | 1,688 |
| Decrease (Increase) in vacation pay and compensatory leave | 10,180 | (10,654) |
| Decrease (Increase) in tax payables | (470) | 774 |
| Increase in employee severance benefits | 49,773 | 30,926 |
| Cash generated by operating activities | 24,615,438 | 25,413,305 |
| **Capital investment activities** | | |
| Acquisitions of tangible capital assets | (40,210) | (36,506) |
| Proceeds from disposal of tangible capital assets | 214 | 2,077 |
| Cash used by capital investment activities | (39,996) | (34,429) |
| **Financing activities** | | |
| Net cash forwarded to the Government of Canada | (24,579,751) | (25,384,251) |
| Net cash used | (4,309) | (5,375) |
| **Cash, beginning of year** | 2,071,048 | 2,076,423 |
| **Cash, end of year** | 2,066,739 | 2,071,048 |

*The accompanying notes form an integral part of these financial statements.*

**1. Authority and Purpose**

The Canada Border Services Agency (the "Agency") was established effective December 12, 2003, when the Government announced a restructuring that resulted in the creation of the Agency, through the transfer of portions of the Canada Revenue Agency (CRA), Citizenship and Immigration Canada (CIC) and the Canadian Food Inspection Agency (CFIA).

The Agency is responsible for providing integrated border services that support national security and public safety priorities and facilitate the free flow of persons and goods. The act to establish the Canada Border Services Agency received royal assent November 3, 2005. The Agency is a departmental corporation named in Schedule II of the *Financial Administration Act* and reports to Parliament through the Minister of Public Safety. The Agency is funded through appropriations from the Government of Canada.

The Agency is responsible for the administration and enforcement of the following acts or portions of these acts: the *Customs Act*, the *Customs Tariff*, the *Excise Act*, the *Excise Tax Act*, the *Citizenship Act*, the *Immigration and Refugee Protection Act*, as well as other acts on behalf of other Federal departments and provinces.

In delivering its mandate, the Agency operates under the following program activities:

- The Access program activity contributes to the security and prosperity of Canada through the development of national programs and operational policies related to admissibility, processing and recourse mechanisms for the import and export of goods and the movement of people, and investigating complaints related to unfair trade practices.

- The Security program activity ensures enforcement of Canadian legislation related to border management, by providing sound intelligence to decision makers, and by acting as a focal point for Agency relations with partners in the security, intelligence, and law enforcement communities.

- The Science and Technology Based Innovation program activity enables and supports efficient and effective border management, and plays an important role in protecting Canadians from existing risk and emerging threats, through the development, implementation, delivery, and maintenance of innovative and cost effective technology and science solutions.

**2. Summary of Significant Accounting Policies**

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

**(a) Parliamentary appropriations**

The Agency is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provide a high-level reconciliation between the bases of reporting.

**(b) Net Cash Forwarded to the Government of Canada**

The Agency operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF and all cash disbursements made by the Agency are paid from the CRF. The net cash forwarded to the Government of Canada is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

**(c) Change in net position in the Consolidated Revenue Fund**

The change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non re-spendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

**(d) Tax revenues**

Tax revenues reported in this statement include revenues collected under the authority of the *Customs Act*, the *Customs Tariff*, the *Excise Act* and the *Excise Tax Act*. These taxes include excise taxes, which consist of Goods and Services and Harmonized Sales taxes (GST/HST), excise duties and customs import duties. Domestic harmonized and goods and services taxes, as well as the input tax credits accorded for GST/HST paid on importations and domestic transactions, are not reflected in these statements as the Canada Revenue Agency is responsible for their administration.

The determination of the Agency's tax revenues is based on the taxes and duties assessed that relate to goods authorized by the Agency to enter into Canada during the fiscal year ended March 31 and prior years. These revenues are recognized at the time the goods are released.

(i) Assessment definition

An assessment (or reassessment) of taxes is defined as all decisions and other steps made or taken by the Minister of Public Safety and officials of the Agency under the federal, provincial, and territorial acts or sections of the acts administered by the Agency to determine taxes payable by importers. When verifying an importer's declaration, the Agency uses the applicable

provisions of the various acts it administers as well as other internally developed criteria which are designed to substantially meet the provisions of these acts.

(ii) Completeness of tax revenues

The Canadian customs and tax systems are predicated on self-assessment where importers are expected to understand the laws and comply with them. This has an impact on the completeness of duty and tax revenues when importers fail to comply with laws, for example, if they do not declare or incorrectly declare goods imported. The Agency has implemented systems and controls in order to detect and correct situations where importers are not complying with the various acts it administers. These systems and controls include performing audits of importer records where determined necessary by the Agency. Such procedures cannot be expected to identify all undeclared or incorrectly declared importations or other cases of non-compliance. The Agency does not estimate the amount of unreported duties and taxes. However, such amounts are included in revenues when assessed.

**(e) Non-tax revenues**

Non-tax revenues reported in this statement include revenues collected on behalf of the Government of Canada under the *Immigration and Refugee Protection Act*, the *Agriculture and Agri-Food Administrative Monetary Penalties Act* and other similar legislation.

Non-tax revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

**(f) Expenses**

All expenses are recorded on an accrual basis:

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment. The liability for vacation pay and compensatory leave is calculated at the salary levels in effect at the end of the year for all unused vacation pay and compensatory leave benefits accruing to employees.
- Services provided without charge by other government departments for accommodation, workers' compensation benefits, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

**(g) Cash**

Cash includes amounts received in Agency offices or by Agency agents as at March 31 but not yet deposited to the credit of the Consolidated Revenue Fund of the Government of Canada.

**(h) Accounts receivable and advances**

Accounts receivable and advances are stated at amounts expected to be ultimately realized; a provision is made for doubtful accounts where recovery is considered uncertain.

**(i) Tax receivables**

Tax receivables represent duties and taxes and other revenues assessed or estimated by the Agency but not yet collected. A significant portion of the receivable balance is due to the recording of accrued receivables, which relate to the current fiscal year but are not due for payment until the next fiscal year. All receivables are stated at amounts ultimately expected to be realized. A provision is made for doubtful accounts where recovery is considered uncertain. This allowance for doubtful accounts reflects management's best estimate of the collectibility of amounts assessed but not yet paid.

**(j) Inventory**

Inventory consists of forms, publications and uniforms and is not intended for resale. They are valued at cost using the weighted average cost method. Items which are considered obsolete are written off. The cost of inventory is charged to operations in the period in which the items are used.

**(k) Tangible capital assets**

All tangible capital assets having an initial cost of $10,000 or more are recorded at their acquisition cost. Amortization of capital assets, except land, is performed on a straight-line basis over the estimated useful lives of the assets as follows:

| Asset Class | Amortization period |
|---|---|
| Buildings | 30 years |
| Works and infrastructure | 40 years |
| Machinery and equipment | 10 years |
| Information technology equipment | 5 years |
| In house developed software | 7 years |
| Purchased software | 3 years |
| Vehicles | 5 years |

Assets under construction are not amortized until completed and put into operation.

**(l) Tax payables**

Tax payables represent the excise taxes (GST and HST), excise duties and customs import duties due to importers as a result of assessments to the benefit of importers for current or prior year imports.

**(m) Employee future benefits**

(i) Pension benefits: Eligible employees participate in the Public Service Superannuation Plan, a multiemployer plan administered by the Government of Canada. The Agency's contributions to the Plan are charged to expense in the year incurred and represent the Agency's

total obligation to the Plan. Current legislation does not require the Agency to make contributions for any actuarial deficiencies of the Plan.

(ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

**(n) Contingent liabilities**

Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

**(o) Environmental liabilities**

Environmental liabilities reflect the estimated costs related to the management and remediation of contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when the Agency becomes aware of the contamination and is obligated, or is likely to be obligated to incur remedial costs. If the likelihood of the Agency's obligation to incur these costs is either not determinable or unlikely, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

**(p) Measurement uncertainty**

The preparation of these financial statements, in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, environmental liabilities, the liability for employee severance benefits, the allowances for doubtful accounts (there are distinct methodologies between tax revenues and non-tax revenues) and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

**3. Parliamentary Appropriations**

The Agency receives most of its funding through Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Agency

has different net results for the year on a government-funding basis than on an accrual accounting basis. These differences are reconciled below:

**(a) Reconciliation of net results to current year appropriations used**

| | 2007 | 2006 |
|---|---|---|
| | *(in thousands of dollars)* | |
| **Net cost of operations** | (24,541,185) | (25,483,090) |
| Adjustments for items affecting net results but not affecting appropriations | | |
| Add (Less) : | | |
| Revenue not available for spending | 26,041,424 | 26,797,314 |
| Services provided without charge | (119,300) | (111,685) |
| Amortization of tangible capital assets | (28,431) | (27,634) |
| Employee severance benefits | (49,773) | (30,926) |
| Other | (61,845) | (9,523) |
| | 25,782,075 | 26,617,546 |
| Adjustments for items not affecting net results but affecting appropriations | | |
| Add (Less) : | | |
| Acquisition of tangible capital assets | 40,210 | 30,106 |
| Inventory purchased | 0 | 4,046 |
| Prepaid expenses | 0 | 243 |
| **Current year appropriations used** | 1,281,100 | 1,168,851 |

**(b) Appropriations provided and used**

| | 2007 | 2006 |
|---|---|---|
| | *(in thousands of dollars)* | |
| Parliamentary appropriations | | |
| Vote 10 – Operating expenditures | 1,264,927 | 1,043,931 |
| Vote 15 – Capital expenditures | 51,674 | 32,297 |
| | 1,316,601 | 1,076,228 |
| Statutory amounts | | |
| Contributions to employee benefit plans | 136,844 | 136,082 |
| Spending proceeds from disposal of surplus crown assets | 365 | 240 |
| Refunds of amounts credited to revenues in previous years | 718 | 15 |
| | 137,927 | 136,337 |
| Lapsed appropriations | | |
| Vote 10 – Operating expenditures | (151,775) | (29,443) |
| Vote 15 – Capital expenditures | (21,529) | (14,180) |
| | (173,304) | (43,623) |
| Appropriations available for future years | (124) | (91) |
| **Current year appropriations used** | 1,281,100 | 1,168,851 |

**(c) Reconciliation of net cash provided by (forwarded to) Government to current year appropriations used**

| | 2007 | 2006 |
|---|---|---|
| | *(in thousands of dollars)* | |
| **Net cash provided by (deposited to) Government** | (24,579,751) | (25,384,251) |
| Revenue not available for spending | 26,041,424 | 26,797,314 |
| Change in net position in the Consolidated Revenue Fund | | |
| Variation in accounts receivable | (132,947) | (216,837) |
| Variation in accounts payable and accrued liabilities | 7,455 | (13,198) |
| Other adjustments | (55,081) | (14,177) |
| | (180,573) | (244,212) |
| **Current year appropriations used** | 1,281,100 | 1,168,851 |

**4. Excise Taxes**

Effective July 1, 2006, the GST and HST rates, applied against imported goods, were reduced from 7% and 15% to 6% and 14% respectively. The excise tax revenue amount appearing in the Statement of Operations reflects the reduction in the rates. Revenues from excise of $21,370,613 thousands (23,345,397 thousands in 2006) are net of $1,763,519 thousands ($1,594,557 thousands in 2006) remitted in monthly installments to the department of Finance on the basis of a remittance schedule set by the department of Finance. The amounts remitted represent the participating provinces' share of the HST collected by the Agency under the terms of the Comprehensive Integrated Tax Coordination Agreement (CITCA).

**5. Excise Duties**

Excise duties include duties assessed against imported goods, including alcohol and tobacco. During the 2006-2007 fiscal year, a significant increase in the volume of imported goods subject to such duties resulted in an increase in excise duty revenues of $815,657 million.

## 6. Accounts Receivable and Advances

The following table presents details of the accounts receivable and advances:

| | 2007 | 2006 |
|---|---|---|
| | *(in thousands of dollars)* | |
| Receivables from other Federal Government departments and agencies | 12,905 | 4,147 |
| Receivables from external parties | 3,650 | 3,199 |
| Employee advances and other receivables | 1,510 | 1,254 |
| | 18,065 | 8,600 |
| Less: allowance for doubtful accounts on external receivables | (621) | (520) |
| Total | 17,444 | 8,080 |

## 7. Tax Receivables

Tax receivables represent the customs duties, excise taxes, Goods and Services and the Harmonized Sales taxes due to the Receiver General for Canada as a result of importations into Canada.

The following table presents details of tax receivables:

| | 2007 | 2006 |
|---|---|---|
| | *(in thousands of dollars)* | |
| Tax receivables | 1,450,393 | 1,403,291 |
| Less: allowance for doubtful accounts | (155,351) | (231,832) |
| Net tax receivables | 1,295,042 | 1,171,459 |

## 8. Tangible Capital Assets

*(in thousands of dollars)*

| | Cost | | | | Accumulated amortization | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Capital asset class | Opening Balance | Acquisi-tions | Transfers Disposals write-offs and other | Closing balance | Opening balance | Amorti-zation | Transfers, disposals write-offs and other | Closing balance | 2007 Net book value | 2006 Net book value |
| Land | 4,402 | 3 | (3) | 4,402 | - | - | - | - | 4,402 | 4,402 |
| Buildings | 138,277 | 3,955 | - | 142,232 | 40,980 | 4,594 | - | 45,574 | 96,658 | 97,297 |
| Works and infrastructure | 1,124 | - | - | 1,124 | 313 | 22 | - | 335 | 789 | 811 |
| Machinery and Equipment | 56,924 | 4,275 | 2,633 | 63,832 | 21,230 | 5,508 | 524 | 27,262 | 36,570 | 35,694 |
| Information technology equipment, in house developed and purchased software | 106,099 | 743 | 15,946 | 122,788 | 34,033 | 14,942 | 44 | 49,019 | 73,769 | 72,066 |
| Vehicles | 24,220 | 1,420 | (1,292) | 24,348 | 16,304 | 3,365 | (1,309) | 18,360 | 5,988 | 7,916 |
| Assets under construction | 74,246 | 29,814 | (9,907) | 94,153 | - | - | - | - | 94,153 | 74,246 |
| | | | | | | | | | | |
| Total | 405,292 | 40,210 | 7,377 | 452,879 | 112,860 | 28,431 | (741) | 140,550 | 312,329 | 292,432 |

## 9. Accounts Payable and Accrued Liabilities

The following table presents details of the accounts payables and accrued liabilities:

| | 2007 | 2006 |
|---|---|---|
| | *(in thousands of dollars)* | |
| Payables to external parties | 45,088 | 38,142 |
| Payables to other Federal Government Departments and agencies | 48,948 | 49,795 |
| Total | 94,036 | 87,937 |

## 10. Payable to Provinces

A number of Memorandums of Understanding (MOUs) have been established between the provinces and the Agency, whereby the Agency collects provincial sales, alcohol and tobacco taxes on behalf of the provinces and remits these collections directly to the provinces monthly in compliance with the strict timelines set out in the MOUs.

| | Opening Balance | Receipts from taxpayers | Refunds to taxpayers | Payments to provinces | Closing Balance |
|---|---|---|---|---|---|
| | | *(in thousands of dollars)* | | | |
| Payable to provinces | 7,569 | 78,779 | (1,578) | (76,528) | 8,242 |

**11. Deposit accounts**

The deposit accounts were established to record cash and securities required to guarantee payment of customs duties and excise taxes on imported goods pursuant to the *Customs Act* and the *Excise Tax Act* and to guarantee the compliance of transporters and individuals with the provisions of the *Immigration and Refugee Protection Act*.

| | Opening Balance | Receipts | Payments | Closing Balance |
|---|---|---|---|---|
| | | *(in thousands of dollars)* | | |
| Guarantee deposit accounts | 35,329 | 14,524 | (13,605) | 36,248 |
| Seized cash | 4 | - | (4) | - |
| Other deposit accounts | 4,337 | 300 | (62) | 4,575 |
| | 39,670 | 14,824 | (13,671) | 40,823 |

**12. Employee severance benefits**

(a) Pension benefits: The Agency's employees participate in the Public Service Superannuation Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with the Canada/Québec Pension Plans benefits and they are indexed for inflation. Both the employees and the Agency contribute to the cost of the Plan. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits: The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

| | 2007 | 2006 |
|---|---|---|
| | *(in thousands of dollars)* | |
| Accrued benefit obligation, beginning of year | 118,288 | 87,361 |
| Expense for the year | 59,390 | 40,642 |
| Benefits paid during the year | (9,617) | (9,715) |
| Accrued benefit obligation, end of year | 168,061 | 118,288 |

**13. Contingent liabilities**

(a) Contaminated sites
Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where the Agency is obligated or likely to be obligated to incur such costs. The Agency identified 1 site in 2007 (2 sites in 2006) where such action is possible and for which a liability of $0.87 million in 2007 ($0.9 million in 2006) has been recorded. The Agency's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued in the year in which they become known.

(b) Claims and litigation
Claims have been made against the Agency in the normal course of operations. Legal proceedings for claims totalling approximately $191 million ($195 million in 2006) were still pending as at March 31, 2007. In addition, appeals for previously assessed customs duties, excise duties, Goods and Services and Harmonized sales taxes have been received in the amount of $76 million ($272 million in 2006).

Some of these claims and appeals may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability and expense are recorded in the financial statements. As at March 31, 2007 the Agency has recorded an estimated liability of $.29 million ($1.2 million in 2006) in relation to claims and appeals.

**14. Contractual Obligations**

The nature of the Agency's activities results in large multi-year contracts and obligations whereby the Agency will be committed to make future payments when the services are received. Significant contractual obligation that can be reasonably estimated is as follows:

| | 2008 | 2009 | 2010 | 2011 | 2012 and there-after | Total |
|---|---|---|---|---|---|---|
| | | | *(in thousands of dollars)* | | | |
| Operating lease | 25,000 | 4,000 | - | - | - | 29,000 |

**15. Related Party Transactions**

The Agency is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms. Also during the year, the department received services, which were obtained without charge from other departments as presented in part.

(a) Services provided without charge:
During the year, the Agency received without charge from other departments, accommodation, legal fees, workers compensation coverage and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Agency's Statement of Financial Position as follows:

| | 2007 | 2006 |
|---|---|---|
| | *(in thousands of dollars)* | |
| Accommodation | 52,062 | 49,400 |
| Employer's contribution to the health and dental insurance plans | 62,388 | 58,703 |
| Worker's compensation coverage | 452 | 420 |
| Legal services | 4,398 | 3,162 |
| | 119,300 | 111,685 |

The Government has structured some of its administrative activities for efficiency and cost-effectiveness such that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included as an expense in the Agency's Statement of Operations.

(b) Administration of programs:
The Agency has arrangements with the Canada Revenue Agency for the provision of information technology services, which are paid for on a quarterly basis (Total of $97,406,000 paid in 2007 and $90,730,000 in 2006). Information Technology Services provided include:

- Infrastructure Administration and services
- Architecture and Consulting Services; and
- Regional Services

**16. Comparative information**

Comparative figures have been reclassified to conform to the current year's presentation.

## Table 10: Response to Parliamentary Committees, Audits and Evaluations

| **Response to Parliamentary Committees** |
|---|
| None requested in 2006–2007 |

| **Response to the Auditor General (including to the Commissioner of the Environment and Sustainable Development)** |
|---|
| Proper Conduct of Public Business — Public Safety Agencies<br><br>This audit examined key aspects of the proper conduct of public business in three agencies: the RCMP, Correctional Service Canada and the Canada Border Services Agency. It looked at whether each agency has values and ethics programs that promote good behaviour and internal disclosure ("whistle-blowing") policies that support the reporting of wrongdoing. It also examined the role that internal audit plays in verifying compliance with laws, policies and regulations.<br><br>The audit also looked at three areas where a risk of abuse is present: contracting, use of acquisition (credit) cards and use of overtime and leave.<br><br>The full report including recommendations and action plans can be found on the Office of the Auditor General of Canada's Web site at www.oag-bvg.gc.ca/domino/reports.nsf/html/20061104ce.html. |

| **External Audits** |
|---|
| The Office of the Privacy Commissioner of Canada conducted the *Audit of the Personal Information Management Practices of the Canada Border Services Agency — Trans-Border Data Flows*.<br><br>This audit examined the extent to which the CBSA is adequately controlling and protecting the flow of Canadians' personal information to foreign governments or their institutions.<br><br>The audit found that significant opportunities exist to better manage privacy risks and achieve greater accountability, transparency and control over the transborder flow of data:<br>• Improve the information exchanges between the CBSA and the United States;<br>• Improve the management of information-sharing activities;<br>• Strengthen controls to reduce the risk that personal information could be improperly used or disclosed;<br>• Improve the quality and control of data the CBSA acquires under the Advance Passenger Information/Personal Name Record program;<br>• Improve the effectiveness of the High-Risk Traveller Identification initiative with the United States, particularly the extent to which inaccurate or incomplete data may affect enforcement objectives and individual travellers;<br>• Update and strengthen the CBSA's agreements with the United States that cover the sharing of personal information; and<br>• Enhance activities associated with sharing data across borders so that they are more transparent.<br><br>The CBSA will develop various action plans to ensure that the transborder flow of personal information is protected, that the Canadian public's concerns are dealt with and that the collection of information is accurate.<br><br>The full report including the recommendations and action plans can be found on the Office of the Privacy Commissioner of Canada's Web Site at www.privcom.gc.ca/information/pub/ar-vr/cbsa_060620_e.asp. |

**Internal Audits**

**Three internal audits were completed in 2006–2007:**

*Audit of Cash Management*
www.cbsa-asfc.gc.ca/agency-agence/reports-rapports/ae-ve/2006/acm_vgt-eng.html

Overall, the audit noted that compliance with the laws, regulations, policies and procedures governing the control of cash needed some improvement.

A framework is in place for cash management that is made up of a series of policies, procedures, directives and guidelines. However, these policies and procedures were not up to date or consolidated for easy reference.

The audit found a lack of compliance with policies and procedures. Weaknesses were noted regarding supervision, segregation of duties and safeguarding of monetary assets. Management did not always review operations regularly to ensure that control deficiencies were detected and corrected. As well, management at headquarters did not communicate monitoring expectations.

Management has taken action to address all the recommendations.

*Audit of the 2005-2006 Year-End Cash Cut-Off Procedures*
www.cbsa-asfc.gc.ca/agency-agence/reports-rapports/ae-ve/2006/ye-fe-eng.html

The audit concluded that the year-end procedures for the 2005–2006 fiscal year were followed and that cash in transit was reported in a satisfactory manner.

With respect to procedures, it was noted that the CBSA still relied on the year-end procedures of the Canada Revenue Agency, which did not fully document the situation at the CBSA. As well, errors were identified with the recording of the date of receipt, which has implications on whether the funds are recorded as cash or accounts receivable on the Agency's financial statements.

An action plan was developed to address all the recommendations. Appropriate actions have been put in place to minimize errors and improve operational requirements.

*Audit of IT Systems under Development — Phase 1*
www.cbsa-asfc.gc.ca/agency-agence/reports-rapports/ae-ve/2007/it-ti-eng.html

The audit concluded that a management control framework for the development of automated business systems is in place; however, opportunities exist to strengthen the framework, thereby ensuring adequate governance, risk management and control over systems under development projects.

A number of strengths in the controls over IT systems under development were noted and can provide the Agency with the foundation for building a strong management control framework. Areas that could be strengthened include the following:

- Approvals at project milestones to continue development;
- Tracking project costs to budget;
- Process for re-prioritization of projects when new projects are introduced; and
- Involvement of end users in the development process.

Management has taken action to address all the recommendations and the recommendations should be fully implemented by September 2007.

**Evaluations**

**Two program evaluations were completed in 2006–2007:**

*Detector Dog Service — Evaluation Study*
www.cbsa-asfc.gc.ca/agency-agence/reports-rapports/ae-ve/2006/dds-scd-eng.html

The Detector Dog Service (DDS) evaluation study found that the program continues to be a relevant CBSA program and is fully aligned with the Government of Canada and the CBSA's mandate. Detector dogs are a powerful tool against the entry of prohibited, controlled or regulated goods and undeclared currency, and they are an effective complement to the various detection technologies and officer enforcement training that the CBSA is also using in its efforts to combat criminality at the border. A significant finding was that the DDS program cuts across several CBSA branches and there was no clearly defined management framework guiding the roles and responsibilities of those delivering the program in the Detector Dog Learning Service, the Enforcement Branch, the Operations Branch and the regions. Therefore, a recommendation was made to fully develop, implement and communicate a management framework for the program.

The report also recommended that food, plant and animal (FPA) detector dog teams be quickly integrated into the DDS program by ensuring that the FPA detector dog handlers report to the same superintendent as other handlers to the extent possible. In addition, the report recommended that an awareness package be developed for wide CBSA distribution on the program's benefits, contribution and importance. Other issues and related recommendations pertain to the implementation of a comprehensive and robust annual risk-assessment process to ensure maximum coverage of detector dog teams at high-risk ports, including an assessment of regional needs for additional teams. Finally, the report recommended enhancing the monitoring, analysis and reporting of program performance by integrating the DDS program's databases to facilitate historical reporting and analysis, and to eliminate current inconsistencies. The CBSA is taking action to address the recommendations in the evaluation report so that it can continue to build on the significant success of this program and further improve its delivery and effectiveness.

*Partners in Protection Evaluation Study*
www.cbsa-asfc.gc.ca/agency-agence/reports-rapports/ae-ve/2006/pip-pep-eng.html

The study found that the Partners in Protection (PIP) program is highly relevant with a valid program rationale that is clearly aligned with CBSA and government priorities. No other CBSA program provides the Agency with an opportunity to work in partnership with trading entities to focus on the security of their processes, procedures and premises. The study concluded that the PIP program should be expanded as has been approved under the Security and Prosperity Partnership of North America. As the expansion takes place, it was recommended that program management pay specific attention to issues such as the sufficiency of resources to meet the requirements and consider additional benefits for participants to maximize private sector enrolment, especially for the types of organizations currently under-represented (e.g. foreign-based companies). To improve the cost-effectiveness of the program, the report suggested that program management study options such as harmonizing the PIP program with the U.S. Customs-Trade Partnership Against Terrorism program (which is being done) and the NEXUS and FAST programs, and to ensure more efficient and timely processing of applications. Other issues and related recommendations pertain to the development of an effective automated case and performance measurement system to support the management of program participants and enable better program monitoring. The CBSA is taking the necessary steps to ensure funding requirements are sufficient to expand the program and to develop an effective system to support the PIP program.

## Table 11: Horizontal Initiatives

In 2006–2007, the CBSA was a partner in the following horizontal initiatives:

- 2010 Winter Olympic and Paralympic Games — Delivering on our Commitments
  (www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/olym-olym/description_e.asp)
  Lead: Canadian Heritage
- National Initiative to Combat Money Laundering
  (www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/nicml-inlba/description_e.asp)
  Lead: Department of Finance
- Canada's Drug Strategy
  (www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/cds-sca/description_e.asp)
  Lead: Health Canada
- Federal Tobacco Control Strategy
  (www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/ftcs-sflct/description_e.asp)
  Lead: Health Canada
- Canadian Firearms Program
  (www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/cfp-pcaf/description_e.asp)
  Lead: RCMP
- Marine Security
  (www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/ms-sm/description_e.asp)
  Lead: Transport Canada
- Asia-Pacific Gateway and Corridor Initiative
  (www.tc.gc.ca/majorissues/APGCI/menu.htm)
  Lead: Transport Canada and Foreign Affairs and International Trade Canada

## Table 12: Travel Policies

The CBSA follows and uses the Treasury Board of Canada Secretariat's *Special Travel Authorities* and *Travel Directive.*

The *Special Travel Authorities* (www.tbs-sct.gc.ca/Pubs_pol/hrpubs/TBM_113/STA_e.asp) outline travel provisions for ministers and their exempt staff, as well as members of Parliament, deputy ministers, Governor-in-Council appointees and executives. The authority also outlines the principles guiding heads of departments in the exercise of discretion concerning their business travel expenses.

The *Travel Directive* (www.tbs-sct.gc.ca/pubs_pol/hrpubs/TBM_113/td-dv_e.asp) and the rates and allowances (www.tbs-sct.gc.ca/hr-rh/gtla-vgcl/menu-travel-voyage_e.asp) serve as a benchmark for the *Special Travel Authorities* and apply to public service employees, exempt staff and other persons travelling on official government business.

More information on travel policies can be found on the TBS Web site at www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.

## Additional Information

- Policy on service standards for external fees
  (www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp)
- Details on project spending
  (www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp)
- Supplementary information on major Crown projects
  (www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp)
- Procurement and contracting
  (www.tbs-sct.gc.ca/rma/eppe-ibdrp/hrdb-rhbd/profil_e.asp)
- Horizontal initiatives
  (www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp)
- Storage tanks
  (www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp)

# SECTION IV: OTHER ITEMS OF INTEREST

## Performance Summary of the Corporate Management and Direction Program Activity

### Improving Financial Management

A number of initiatives were undertaken in 2006–2007 to improve the CBSA's financial management:

- With a view to solidifying accountability frameworks and managing corporate systems, information and technology effectively, the Agency established regional comptrollership centres and a National Financial Transaction Centre in Montréal. A matrix outlining clear roles and responsibilities was completed and an expenditure and service level monitoring framework was implemented.
- Within the overall financial management framework of the Agency, various control points were assessed and gaps were identified in policies, processes and guidelines.
- A Financial Administration Control Framework was developed and implemented to ensure the integrity of non-tax revenues, expenditures, assets and liabilities.
- Cash management processes for tax revenues were reviewed, and the risks and gaps in controls were assessed and documented.
- A cash management monitoring and senior management compliance certification process was established.
- Year-end cut-off procedures for tax revenues and associated expenditures, assets and liabilities were reviewed and updated.
- A feasibility study and options analysis on the tax revenue assessment, re-assessment and client accounts receivable processes was initiated, and work is progressing on the implementation of a CBSA tax revenue ledger.
- Improvements were made in integrating information from the CBSA's three legacy organizations to ensure that financial statements conform to Treasury Board accounting standards.

### Long-term Fixed Infrastructure Plan

In 2006–2007, the CBSA developed a fixed infrastructure management framework that is consistent with Treasury Board policy and recognizes that its portfolio of ports of entry is integral to the Agency's mandate and mission. The CBSA is also completing its first long-term plan for the recapitalization of its portfolio of ports of entry and will be participating as a pilot department in implementing the new Treasury Board policies on investment planning and the management of projects.

The CBSA is completing the implementation of the long-term plans approved under the former Canada Customs and Revenue Agency. The CBSA developed the Fixed Infrastructure Management Framework in 2006–2007. The Framework was used to establish the CBSA's priorities over the next five years. In 2006–2007, port redevelopment projects were completed in

Stanstead, Quebec, and Cascade, B.C., and the implementation of major redevelopment projects advanced in Andover, N.B., and Douglas, B.C. In addition, planning of major projects for a new port in St. Stephen, N.B., to provide the necessary training infrastructure at Rigaud, Quebec, to support the arming of CBSA officers and to eliminate work-alone situations was started in 2006–2007.

**Integrated Risk Management Framework**

The CBSA incorporates risk management in its strategic planning and priority setting and began in 2006–2007 to apply the Treasury Board of Canada Secretariat's (TBS) Integrated Risk Management Framework by completing the Agency's first Enterprise Risk Profile. The Agency identified and ranked the key risks to its mandate and border management through the Profile. This Profile will support further work in 2007–2008 to establish an integrated risk management framework for the CBSA.

**Internal Audit**

The 2006–2007 fiscal year was a transition year for the internal audit function. An inspection of the Agency's internal audit practices was completed by a consulting firm, which resulted in a number of recommendations to strengthen the capacity of internal audit as well as the management framework. Three internal audits (cash management, year-end cash cut-off procedures and systems under development — general controls) were completed and presented to the Audit Committee with management action plans. As a result, an action plan was developed to put in place the policy requirements required by the new TBS *Policy on Internal Audit* within the transition period (2006–2009). In addition, audit work commenced on a number of other subjects with final reports to be completed in the 2007–2008 fiscal year.

**Evaluation**

The multi-year risk-based evaluation plan was updated and implemented in 2006–2007. The purpose of the plan is to ensure that evaluation activities are strategically integrated into the Agency's overall management activities and that resources allocated to evaluation activities provide the greatest value-added to the organization. Well-timed evaluation activities provide the CBSA with essential tools to ensure an accurate assessment of program outcome or impact, particularly in areas considered to be high risk. Evaluation activities are an integral component of overall program management. In 2006–2007, two evaluations were posted on the CBSA's Internet site and four evaluation studies are underway for completion in 2007–2008.

**Values and Ethics**

The CBSA places great importance on supporting measures for ensuring integrity in the workplace. In 2006–2007, it made significant progress in raising the profile and awareness of values and ethics throughout the Agency. To complement the *Values and Ethics Code for the Public Service*, the CBSA developed and implemented its own *Code of Conduct* specific to the Agency's unique jobs, roles and responsibilities. To improve the overall communication of

information concerning values and ethics and the disclosure of wrongdoing in the workplace, a Values and Ethics section on the CBSA's intranet site was developed along with a Values and Ethics network with representatives from all regions. In 2006–2007, the CBSA developed an ambitious *Values and Ethics Program Action Plan* for 2007–2008 to build on achievements such as the design and delivery of values and ethics components of the Port of Entry Recruit Training Program (POERT) and an anti-corruption pilot course for border services officers.

**Frontière/Border Classification Standard**

In December 2005, the Treasury Board approved the Frontière/Border (FB) classification standard, a classification tool designed to recognize and evaluate the specialized skills and abilities required in CBSA work. Work activities from the three legacy organizations have been grouped into jobs that support the CBSA's organizational structure, including the Port of Entry Vision. In 2006, all jobs that were to be converted to FB were evaluated using the new standard and, in February 2007, some 9,000 CBSA employees received a letter providing their new FB level and generic work description. Collective bargaining, which is now underway, will result in the negotiation of FB salaries and a collective agreement for the new group.

**Relations with Unions**

The Agency continually worked on strengthening relationships with its stakeholders. Regional representatives participated in collective bargaining and essential service agreement negotiations, and the CBSA is also working closely with the TBS on these initiatives. The CBSA had significant dealings with the Customs Excise Union on collective bargaining, and it continued to work in a collaborative manner with bargaining agents in the areas of labour relations, occupational health and safety, grievance handling and the processing of exclusions. Two Employee Assistance Program (EAP) union-management committee meetings were held in 2006–2007. Feedback on our products and recommendations regarding new activities and initiatives during these meetings has been implemented and is now part of the Agency's EAP.

**Informal Conflict Management System**

The Informal Conflict Management System (ICMS) is a mandatory program under the *Public Service Labour Relations Act*. It emphasizes conflict prevention measures and dispute resolution methods that are based on the mutual interest of parties and on redress mechanisms that reflect the rights of the parties. The CBSA's ICMS function is jointly guided by CBSA management and its bargaining agents through the Joint Informal Conflict Management System Steering Committee. During 2006–2007, in the ICMS program's first full year in operation, awareness sessions and training courses were delivered to 3,525 employees to increase communications skills and promote conflict management. The CBSA was the first federal organization to put an "abeyance protocol" in place to respect formal complaint process timelines while employees seek informal resolution.

**Human Resources Planning**

The CBSA produced a Human Resources Plan in February 2007. The document, which is part of the Agency's 2007–2008 Report on Plans and Priorities, focuses on the immediate short-term need to address key workforce challenges for 2007–2008 and sets the foundation for the further refinement of a more comprehensive, integrated and forward-looking human resources plan for 2008–2009. Built on the business and strategic priorities identified by CBSA senior management, the plan sets out the five human resources (HR) gaps/priorities for action and strategies to address them. These gaps/priorities are the Arming Initiative; national border services officer recruitment, training and development; program expertise; information technology; and policy capacity.

In particular, the Agency recognized that there are several key program areas, such as immigration and food, plant and animal inspection, that are particularly vulnerable to the erosion of program expertise. The CBSA will undertake targeted efforts to deal with the key areas.

While the foundation for the Agency's HR planning program has been laid, more work is required to complete branch and regional HR plans and to integrate HR planning with business planning to ensure that HR planning is a primary consideration in both new business initiatives and ongoing business planning.

The work begun in 2006–2007 on the Human Resources Plan and the CBSA's strategic priorities will support the Clerk of the Privy Council's priorities for public service renewal; namely, planning, recruitment, employee development and enabling infrastructure.

In 2006–2007, the CBSA undertook a project to improve the quality of HR data in its Corporate Administrative System. As this project is completed, one of the key improvements will be an enhanced ability to generate complex demographic reports that will provide such information as linguistic and gender profiles, retirement projections and employment equity representation. These reports will greatly enhance the CBSA's ability to ensure that its HR planning reflects the current and future needs of the organization.

**Training and Development**

The CBSA Port of Entry Vision includes "Improved border security and facilitation through integration of legacy agencies, including a single level CBSA officer job, integrated management, support and systems structure." The key to successfully implementing this initiative is the establishment of cross-training for border services officers working either in immigration, customs or food, plant and animal inspection to increase our multi-faceted capacity.

As of 2006–2007, all new border services officer recruits are now required to go through identical assessment and training before receiving offers of employment with the Agency. A Curriculum Advisory Board, consisting of regional directors, chiefs and training coordinators, was created to provide guidance, advice and support to the CBSA on the Port of Entry Recruit Training (POERT) program and a new delivery model was implemented for the program, including distance learning and in-service training components.

Over the course of 2006–2007, numerous training and learning activities and workshops were developed and delivered on various CBSA programs and initiatives related to automated systems, finance and administration, HR, information technology, management and leadership, orientation, access, security and various skills and competencies. Some of the new learning products included courses on interviewing skills; minister's delegate authorities under the *Immigration and Refugee Protection Act*; immigration training for investigators; food, plant and animal inspection; and a basic instructional techniques course to support the rollout of a national instructor certification program. Handoff training on these products was delivered to regional trainers. In conjunction with the Canada School of Public Service, CBSA managers validated their delegated authorities, new managers underwent mandatory training and new employees attended the orientation course. Five "Managing for Results" workshops were also delivered to CBSA middle managers.

**Official Languages**

The CBSA is among the top five organizations in the Government of Canada for the management of its Official Languages Program and received an "exemplary" rating for the three criteria (accountability framework, visibility of official languages in the organization and complaints). Moreover, the 2006–2007 Annual Report of the Office of the Commissioner of Official Languages recognized the CBSA language training and described it as a "fine example for other departments." The recent CBSA report card confirmed the accomplishments made by the Agency over 2006–2007. The CBSA report card's overall rating moved from "fair" to "good" in 2006–2007. This improvement reflects the CBSA's commitment to not only meet its official languages obligations but to go beyond compliance toward creating an environment that recognizes and values bilingualism.

A culture change has also been noticed through the complaint process and from the Office of the Commissioner of Official Languages and the Canada Public Service Agency perspective. With the millions of travellers that go across our border each year, only 28 complaints of the 353 filed at the Office of the Commissioner of Official Languages concerned the CBSA, 25 complaints out of 357 were filed in 2005–2006.

**DID YOU KNOW?**

- A new model for language training was adopted and a memorandum of understanding was signed with the Canada School of Public Service for 10 teachers for in-house language training.
- 66 headquarters employees were on full-time language training during 2006–2007 and 48 received training to maintain their second language.
- There were 867 registrations for the Ottawa Interdepartmental Language Training Program, a program designed to offer part-time language training to employees in the National Capital Region.
- Every region offered language training to maintain and build bilingual capacity. A total of 694 regional employees went on language training and 75 benefited from telephone tutoring with our teachers.

Networks of official languages coordinators were created at CBSA locations across Canada, and official languages is now integrated in the POERT program. Resource centres were established and tools were developed with input from both employees and managers. Information sessions on the need to serve the public in both official languages and the importance of bilingualism at the CBSA were given across the country. Internal policies to support government policies were developed on communications with and services to the public and on language of work, as well as a directive on the resolution of official languages complaints.

**Privacy Management Framework**

The CBSA has begun to develop its Privacy Management Framework. Once complete, the Framework will augment the CBSA governance structure, roles and responsibilities, and serve as a monitoring vehicle for privacy-protected information. It is expected that the Privacy Management Framework will be ready for approval by senior management by the end of 2007–2008.

**Information Management Strategy**

An information management (IM) capacity check using Library and Archives Canada methodology was completed in 2006–2007. In September 2006, the CBSA Information Management Steering Committee endorsed the capacity check as well as a high-level strategy and action plan. Ten IM awareness sessions were given to employee groups from headquarters and the regions. An Agency-wide subject file classification guide was developed and used as the basis for individual file system plans for clients at headquarters. To increase the storage capacity for corporate records, a portable file system was installed and emphasis was placed on identifying additional records for disposal in accordance with Treasury Board policy and guidelines.

**Strategic Legislative Plan**

An Agency legislative plan for 2007–2008 was finalized and approved by the Executive Management Committee in the fourth quarter of 2006–2007. The CBSA consulted with Public Safety Canada officials to develop elements for the plan and to obtain their agreement. It will be revised as priorities shift and as other government departments bring forward legislation that impacts the CBSA.

**Sustainable Development Strategy**

On December 13, 2006, the Minister of the Environment tabled the CBSA's first *Sustainable Development Strategy 2007–2009* along with those of other federal departments and agencies. The Strategy took effect on April 1, 2007, and it is based on a series of commitments that reflect a different way of making decisions and conducting daily activities, while still fulfilling the CBSA's mandate. It incorporates the government-wide priorities related to sustainable development (SD) governance and greenhouse gas emissions developed under the direction of Environment Canada and the Office of Greening Government Operations. The strategic direction

for the *Sustainable Development Strategy 2007–2009* is to increase awareness, understanding and skills necessary to meet SD challenges and to integrate the social, economic and environmental dimensions into the CBSA's management processes.

**Critical Incidents Statistics**

In 2006, the CBSA began publishing annual critical incident statistics on the Internet. These statistics are now, and will be in the future, publicly available before the tabling of each fiscal year's Departmental Performance Report. The critical incidents statistics for 2006–2007 can be found on the CBSA's Web site at www.cbsa-asfc.gc.ca/agency-agence/reports-rapports/work-travail/menu-eng.html.

## Appendix A: Examples of Key Partners and Stakeholders

**Government**

- ✓ Public Safety Canada and portfolio partners:
  - Canadian Security Intelligence Service
  - Royal Canadian Mounted Police
  - Correctional Service of Canada
  - National Parole Board
- ✓ Other federal departments and agencies:
  - Citizenship and Immigration Canada
  - Canada Revenue Agency
  - Canadian Food Inspection Agency
  - Immigration and Refugee Board of Canada
  - Passport Office
  - Foreign Affairs and International Trade Canada
  - Health Canada
  - Public Health Agency of Canada
  - Department of Justice
  - Canadian International Development Agency
  - Department of Finance
  - Privy Council Office
  - Treasury Board of Canada Secretariat
  - Canadian International Trade Tribunal
  - Transport Canada
  - Regional development agencies
- ✓ Provinces and territories
- ✓ Municipalities
- ✓ Foreign governments and agencies, including the United States, Mexico and the United Kingdom

**Law-enforcement agencies**

- ✓ Federal, provincial and municipal police forces
- ✓ Foreign border and enforcement agencies, particularly the U.S. Department of Homeland Security, U.S. Customs and Border Protection and U.S. Immigration and Customs Enforcement

**Stakeholders and advisors**

- ✓ Canada Border Services Advisory Committee
- ✓ Border Commercial Consultative Committee
- ✓ Bridge, port and airport authorities
- ✓ Multilateral organizations:
  - World Customs Organization
  - World Trade Organization
  - European Union
  - Asia-Pacific Economic Cooperation
  - G8
  - Four Country Conference
  - Intergovernmental Consultations on Asylum, Refugee and Migration Policies
  - United Nations High Commissioner for Refugees
- ✓ Industry, trade and tourism associations, chambers of commerce
- ✓ Non-governmental organizations:
  - Canadian Red Cross
  - Canadian Council for Refugees
  - Cross-Cultural Roundtable on Security
  - Ethno-cultural groups
- ✓ Academic and research communities

## Appendix B: Status of Commercial Programs Reviews and Policies as of March 31, 2007

| Policy/Program | Status of Review |
|---|---|
| Licensing of Customs Brokers Program | An initial review of the program has been completed. It was intended to look at both the licensing and account security programs to ensure that policies and procedures remain appropriate in the changing customs environment. |
| Cash Management Processes | A review of the existing CBSA cash management processes and practices was completed. It served to identify areas for improvement outside regulatory or systems changes. This review is the first step in proposing cost-effective solutions to problems identified in order to more effectively manage CBSA revenue, to improve client service and to provide a better environment for employees involved in the cash management process. |
| Warehouse Policies | Sufferance warehouses are privately owned licensed facilities for the storage of freight that is under the control of the CBSA. The policies governing the licensing and operation of these warehouses were reviewed by the CBSA with the objective of updating them to conform to modern transportation logistics, security of goods, etc.<br><br>Recommendations include changes for the storage of firearms, greater CBSA flexibility in providing on-site service and fewer restrictions on the types of goods that can be stored at a warehouse. |
| Carrier, Cargo and Release Policies | A review was completed to identify outdated policies and inconsistencies governing the importation of commercial goods and to ensure that policies were aligned with the future direction of the commercial program. Key issues that were identified include inconsistency of policy application among modes and regions and various policies that are no longer relevant and should be rescinded. New policies are required to reflect current and future program requirements. |

| Policy/Program | Status of Review |
|---|---|
| Requirements of Other Government Departments (OGDs) | The CBSA has initiated a review of the programs and requirements that it administers on behalf of OGDs at the border through the OGD Single Window Initiative. Key departments have been identified and are engaged in the project through a number of committees and working groups.<br><br>Participating OGDs include the Canadian Food Inspection Agency, Health Canada, Environment Canada, Transport Canada, Natural Resources Canada, Industry Canada, Fisheries and Oceans Canada, Foreign Affairs and International Trade Canada, the Public Health Agency of Canada and the Canadian Nuclear Safety Commission. These OGDs are working with the CBSA to determine the desired end-state for electronic reporting of their requirements. |
| Postal and Courier Reviews | The postal review began in spring 2006 with the objective of identifying gaps in the program and recommending short-, medium- and long-term solutions. Representatives from each of the three customs mail centres continue to work with the review team to develop solutions to modernize the CBSA postal program.<br><br>The Courier Low Value Shipment Program review will examine the design and operations of the present program and provide recommendations for its improvement that will meet the needs of the CBSA, importers and industry.<br><br>There have been few changes to the program since the early 1990s, yet volumes have increased by 433%. This growth has presented challenges to the operation of the program and exposed weaknesses, and this will be considered in the review. The review team intends to consult internally in the CBSA and also widely with industry, OGDs and stakeholders. A needs analysis will be conducted and finalized before the end of the year. |
| Review of *Special Services (Customs) Regulations* | The regulations provide a mechanism for clients to obtain services, which are of direct benefit to them, for a fee. Internal consultations regarding the program and fee changes have taken place, and other government partners have been consulted. Proposed |

| Policy/Program | Status of Review |
|---|---|
| | changes to the regulations and to a related section of the *Customs Act* (section 167), as well as a draft policy proposal, are being developed. |

## Table 13: Policy on Service Standards for External Fees

| External Fee | Service Standard | Performance Result | Stakeholder Consultation |
|---|---|---|---|
| Broker's licence and examination fees | Results received 4-6 weeks from date of exam. | Results were received within nine weeks from date of exam. This is due to a change in how the exams are marked. Corrective action has been taken to ensure the performance standard is met. | Consultation undertaken through the Border Commercial Consultative Committee. |
| Customs sufferance warehouse licence fees | Application processed in 60 business days. | All applications that were fully completed according to the requirements of the regulations under the *Customs Act* were processed within 60 business days. | |
| Bonded warehouse licence fees | Operator to receive notice of determination within four weeks after an audit or examination. | The operator receives notice of determination 100% of the time within four weeks after an audit or examination. | |
| Storage charges — Queen's and frontier warehouses | Goods to be handled with care and stored in a secure manner to safeguard against damage or loss. | No successful claims for damage or loss. | |
| NEXUS | 4–6 weeks** | 93% processed within 4–6 weeks** | ** The performance results provided reflect the Canadian portion of the application process up to inviting applicants to attend an office to finalize their memberships. The CBSA will review the existing published performance standards for processing applications with its partner (U.S. Customs and Border Protection) and consult with stakeholders (including the public) to clarify the processing standards and adjust time frames as required. Revised time frames will be made available to the public on the Internet and in program brochures and guides. |
| FAST program | 4–6 weeks** | 4–6 weeks** | |
| CANPASS programs (Boats, Private and Corporate Aircraft) | 4–6 weeks** | 90% processed within 4–6 weeks** | |
| Customs special services fees | The relevant regulation under the *Customs Act* is currently under review. Service standards are being developed as part of this review. | | |
| Fees charged for the processing of access requests filed under the *Access to Information Act* | Response provided within 30 days following receipt of request; the response time may be extended pursuant to section 9 of the Act. Notice of extension to be sent within 30 days after receipt of request.<br>The *Access to Information Act* provides more details. | 1,064 access requests were completed in the 2006–2007 fiscal year: 30.1% were completed on time, 69.9% were completed late. These results reflect, in large part, staffing shortages that are being addressed in the 2007–2008 fiscal year. Significant resources are being invested in staffing, policy and training to improve overall compliance ratings. | The service standard is established by the Act and the Access to Information Regulations. Consultations with stakeholders were undertaken by the Department of Justice and the Treasury Board of Canada Secretariat for amendments done in 1986 and 1992. |
| Canadian Food Inspection Agency fees notice | Inspection activities are to be provided in accordance with corresponding federal regulations. | | |

## Table 14: Status Report on Major Crown Projects

### 1. Description

The eManifest initiative continues the work implemented under the Advance Commercial Information (ACI) program, and it is the next critical step required to improve the ability of the CBSA to detect shipments that pose a high or unknown risk to the safety and security of Canadians. The objective of eManifest is to work in partnership with the United States and Mexico to implement compatible electronic processes based on advance electronic cargo information. These processes will help the CBSA to effectively analyze risk, ensure efficient border procedures and secure the international trade supply chain. To this end, eManifest will employ the World Customs Organization's (WCO) *Framework of Standards to Secure and Facilitate Global Trade*.

Under eManifest, carriers, freight forwarders and importers will transmit to the CBSA real-time and concurrent advance commercial and crew information from carriers, importers and freight forwarders. eManifest complements the risk-management strategy the CBSA employs in the air and marine modes. eManifest will continue to "push the border out" and position the CBSA to obtain the necessary data using sophisticated tools and technology and rigorous, smart risk-assessment systems to interdict threats before their arrival in Canada. This initiative is about getting the right information at the right time and in the right format to protect Canadian society from health, safety, security and terrorist threats while permitting the secure and free flow of legitimate trade.

eManifest will feature the following:

- Reporting using Electronic Data Interchange (EDI)
- An Internet portal
- Automated risk assessment
- Graphic user interface (primary inspection line)
- An enhanced client notification system
- Information technology prerequisites and production capacity
- A data warehouse
- Compliance management and management information reporting

### 2. Project Phase

*Analysis and Design Phase*
Preliminary project approval completed October 2006
Effective project approval completion expected October 2007

### 3. Leading and Participating Departments and Agencies

| | |
|---|---|
| Lead department or agency: | Canada Border Services Agency |
| Contracting authority: | Canada Revenue Agency<br>Public Works and Government Services Canada |
| Participating departments and agencies: | n/a |

**4. Prime and Major Subcontractor**

| | |
|---|---|
| Prime contractor: | n/a |
| Major subcontractors: | n/a |

**5. Major Milestones**

Start date: October 2006
Estimated date of completion: December 2011

In 2007–2008, eManifest received preliminary project approval. Work is ongoing on the analysis and design phase of the project.

| Major Milestones | Date |
|---|---|
| **Milestone 1 (Deployment Package 1)**<br>• *eManifest readiness for IT prerequisites*: deployment of STAR configuration.<br>• *eManifest readiness for automated in-transit pilot project (Phase I)*: limited to United States→Canada→United States movement across the border and will include functionality to receive status messages from the United States. | October 2007 |
| **Milestone 2 (Deployment Package 2)**<br>• *eManifest readiness for automated in-transit pilot project (Phase II)*: will add functionality for Canada→United States→Canada movement across the border. | February 2008 |
| **Milestone 3 (Deployment Package 3)**<br>• *EDI reporting in highway mode*: will provide full functionality for electronic reporting of all cargo, conveyance and crew information by all highway carriers.<br>• *Internet portal for highway mode*: will provide functionality for electronic reporting by all highway carriers.<br>• *Passage for highway mode*: will provide functionality for the Integrated Primary Inspection Line (IPIL) system for border services officers, transponder technology and integrated systems to support the highway mode. | October 2008 |
| **Milestone 4 (Deployment Package 4)**<br>• *EDI reporting for secondary cargo*: will provide full functionality for electronic reporting of all secondary cargo information by all freight forwarders.<br>• *Notification system*: will notify the primary carrier that the secondary cargo report is on file and will notify to the freight forwarder that the primary cargo report is on file.<br>• *Internet portal for secondary cargo*: will provide functionality for electronic reporting by all freight forwarders.<br>• *Passage for secondary cargo*: will provide further functionality with the IPIL system. | February 2009 |
| **Milestone 5 (Deployment Package 5)**<br>• *Risk assessment for air and marine modes*: will provide new risk-assessment functionality for the air and marine modes with the implementation of new risk-scoring rules according to changes made to the Harmonized Risk Scoring | June 2009 |

| | |
|---|---|
| — Advance Trade Data initiative. | |
| **Milestone 6 (Deployment Package 6)**<br>• *EDI reporting for importer admissibility data*: will provide full functionality for electronic reporting of all importer admissibility data sets from importers and/or brokers.<br>• *Notification system*: will notify to the primary carrier that the importer admissibility data is on file, will notify the importer/broker that data has been received, and will notify the freight forwarder that the importer admissibility data has been received.<br>• *Internet portal for importers/brokers*: will provide functionality for electronic reporting by all importers and/or brokers.<br>• *Passage for importers/brokers*: will provide further functionality in the IPIL system for processing exams. | October 2009 |
| **Milestone 7 (Deployment Package 7)**<br>• *Risk assessment for highway/secondary cargo/importer/driver*: will provide risk-assessment functionality for all supporting business lines in the highway mode as well as risk assessment of driver information. | February 2010 |
| **Milestone 8 (Deployment Package 8)**<br>• *Risk assessment for rail*: will provide risk-assessment functionality for all rail cargo, conveyance, importer and crew information.<br>• *EDI reporting for marine/air crews*: will add functionality to current systems to support electronic reporting of all marine and air crews.<br>• *EDI reporting for rail crews*: will add functionality to current systems for electronic reporting of all crew information in the rail mode. | October 2010 |
| **Milestone 9 (Deployment Package 9)**<br>• *Risk assessment for marine/air retrofits*: will integrate functionality for cargo/conveyance/importer and crew targeting in the air and marine modes. | February 2011 |

**6. Progress Report and Explanations of Variances**
n/a

7. **Industrial Benefits** (Business Goals)

- Manage commercial import volumes more effectively;
- Get the right information at the right time;
- Make more informed decisions about whether to examine shipments at the first point of arrival;
- Protect Canadian society and reward compliant clients with predictable and expedited processing;
- Streamline trade through risk management;
- Promote the seamless movement of goods through secure international trade supply chains;
- Improve the ability of the CBSA to detect high-risk consignments; and
- Improve controls along the international trade supply chain and make for better and more efficient allocation of CBSA resources.

## Table 15: Details on Project Spending

| (thousands of dollars) | Current Estimated Total Cost | 2004–2005 Actual | 2005–2006 Actual | 2006–2007 | | | |
|---|---|---|---|---|---|---|---|
| | | | | Main Estimates | Planned Spending | Total Authorities | Actual |
| **Projects — Close-Out** | | | | | | | |
| Clarenceville, Que. | 1,385 | 1,132 | 125 | 16 | 0 | 16 | 12 |
| **Projects — Implementation** | | | | | | | |
| Andover, N.B. | 6,445 | 600 | 264 | 4,498 | 4,500 | 4,208 | 4,208 |
| Cascade, B.C. | 2,980 | 700 | 227 | 1,941 | 1,753 | 2,043 | 2,043 |
| Douglas, B.C. | 44,000 | 3,800 | 4,209 | 15,027 | 15,000 | 15,027 | 12,765 |
| Emerson West, Man. | 12,158 | 0 | 5 | 7 | 10 | 7 | 3 |
| Lacolle, Que. | 1,586 | 0 | 0 | 1,114 | 1,000 | 1,114 | 440 |
| Stanstead Route 55 (Rock Island), Que. | 18,000 | 5,000 | 8,238 | 1,766 | 345 | 1,766 | 1,398 |
| **Projects — Initial Planning and Identification** | | | | | | | |
| St. Stephen, N.B. | 21,509 | 0 | 66 | 525 | 525 | 525 | 535 |
| Rigaud, Que. | 54,000 | 0 | 0 | 423 | 7,632 | 423 | 318 |
| Fraser, B.C. | 1,400 | 100 | 0 | 30 | 0 | 30 | 144 |
| Aldergrove, B.C. | 12,000 | 100 | 10 | 7 | 32 | 7 | 6 |
| Enhancing road and rail cargo security — eManifest | 396,001 | 0 | 0 | 32,021 | 91,927 | 32,021 | 6,631 |
| Canada–U.S. Harmonized Risk Scoring — Advance Trade Data | 38,315 | 0 | 0 | 5,718 | 0 | 5,718 | 2,428 |
| **Total** | 610,279 | 11,432 | 13,144 | 63,093 | 122,724 | 62,905 | 30,931 |

## Table 16: Procurement and Contracting

| Canada Border Services Agency | |
|---|---|
| **Points to Address** | **Agency's Input** |
| 1. Role played by procurement and contracting in delivering programs. | Procurement and contracting play an important role in the program and services delivery at the Agency. Specifically, procurement allows the CBSA to obtain highly specialized services and goods in support of its policy and program delivery. Contracting allows the Agency not only to acquire standard goods and services to meet operational requirements, but it also supports the local economies and specialized supplier groups (e.g. Aboriginal suppliers). Through the CBSA's values of professionalism, integrity and respect, and through adherence to the *Values and Ethics Code for the Public Service*, the contracting services at the CBSA ensure that the procurement processes are open, honest, fair and transparent. |
| 2. Overview of the CBSA's contracting function. | The Agency operates a decentralized procurement function within certain restrictive levels of delegated authorities. Procurement personnel are located at both headquarters and in the regional offices.<br>This reflects the Agency's aim to maintain the functional and policy authority at headquarters while ensuring that the immediate operational needs for low-dollar value items are fulfilled as close to the source and area of use as possible so that local needs are considered and met.<br>The contracting functional authority at headquarters awards all service contracts above $84,000. It also provides advice and guidance to managers and regional procurement staff on policies and procedures, as well as annual procurement training. Training includes values and ethics, green procurement, security issues and government trends in procurement.<br>A quality assurance group reviews all non-competitive contracts above $25,000 and competitive contracts over $50,000. A Contract Review Committee, composed of members of senior management, and chaired by the Director General of Corporate Administration and Security, meets to review large procurement plans, strategies and policies on a quarterly basis.<br>In calendar year 2006, the Agency awarded 3,865 contracts valued at approximately $49.5 million. |

| Canada Border Services Agency | |
|---|---|
| **Points to Address** | **Agency's Input** |
| 3. Progress and new initiatives that enable effective and efficient procurement practices. | The focus for services at the CBSA in 2006–2007 has been to increase communications and consultations with its major internal clients and stakeholders. A section on the intranet site with Agency contracting and acquisition card policies and processes was a major step.<br><br>In addition, the Agency developed a monthly newsletter called *INSight*, which provides relevant and current information on all material management issues. It also provides information on established procurement instruments such as standing offers and supply arrangements that are useful for many types of services purchased by the Agency, as well as interpretations of central agency directives, i.e. Treasury Board and Public Works and Government Services Canada (PWGSC).<br><br>In 2006–2007, the CBSA underwent and successfully passed an audit of contracting services by the Office of the Auditor General (Proper Conduct of Public Business).<br><br>The Agency is partnering with other departments that purchase similar services (the Immigration and Refugee Board of Canada and the RCMP) to pool resources to create standing offers that will be used by each organization.<br><br>Key accomplishments:<br><br>• Implemented a contracting awareness training program for managers and administrative personnel on procurement planning and responsibilities.<br><br>• Developed standardized procurement templates for use by headquarters and the regions, including a request for proposal template and a contract template.<br><br>• Developed a contract briefing note.<br><br>• Actively promoted the use of existing PWGSC standing offers and supply arrangements through e-mails and the newsletter.<br><br>• Initiated an Agency-wide request to consolidate procurement of certain commodities in support of PWGSC's end-of-year request for volume discount process.<br><br>• Actively engaged in PWGSC's *The Way Forward* initiative, attended regular meetings and information sessions, and provided input and reported on commodities and business volumes.<br><br>• Commenced an in-depth review of the whole CBSA acquisition card program from policy changes to tighter monitoring and control of the cards.<br><br>• Increased the annual credit card rebates from $117,565 to $171,619 (a 45.9% increase). |

## Table 17: Storage Tanks

Status of Fuel Storage Tanks on CBSA-owned Land

**Annual Report for April 30, 2006**

As required under the *Canadian Environmental Protection Act*, Part IV, *Registration of Storage Tank Systems for Petroleum Products and Allied Petroleum Products on Federal Lands Regulations*, this report provides the information set out in Schedule II of the aforementioned Regulations, updated to December 31, 2006.

**The following number of *aboveground* storage tank systems:**

Are registered with the CBSA: 5

Comply with the *Federal Aboveground Storage Tank Technical Guidelines*: 0

Do not comply with the *Federal Aboveground Storage Tank Technical Guidelines*: 5

**The following number of *underground* storage tank systems:**

Are registered with the CBSA: 2

Comply with the *Federal Underground Storage Tank Technical Guidelines*: 0

More information on storage tanks can be found at www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.